

## FRANCHISE DISCLOSURE DOCUMENT



GKA Franchising Inc.  
2150 Chili Avenue  
Rochester, New York 14264  
massimo@ghostkitchenbrands.com  
www.ghostkitchenbrands.com

The franchise offered in this Franchise Disclosure Document is for the operation of a ghost kitchen or a food hall establishment providing dishes from one or more restaurant concepts that are officially associated and licensed with GKA Franchising Inc. Ghost Kitchen is referred to an approved kitchen that provides a variety of branded food products from a variety of restaurants, typically for take-out or delivery. Food hall establishments provide food from a variety of different restaurants in a fast-casual setting. The total investment necessary to begin operation of a Ghost Kitchen (hereinafter, the “Ghost Kitchen Business” or “Business”) is between \$194,400 and \$515,000. This includes an initial franchise fee of \$40,000 that must be paid to us or an affiliate.

The total investment necessary to begin operation of a Ghost Kitchen Business Area Development Program (as defined below) for three to five Ghost Kitchen Businesses is between \$369,400 and \$747,500, including a development fee of \$200,000. You must also pay a reduced franchise fee of between \$15,000 and \$30,000 for each franchise that must be paid to us or our affiliates when the Franchise Agreement is executed for each additional location.

This disclosure document summarized certain provisions of your Franchise Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified this information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Massimo Noja De Marco at 2150 Chili Avenue, Rochester, New York 14264, massimo@ghostkitchenbrands.com and 416-624-4405.

The terms of your contract will govern your franchise relationship. Don’t rely on the disclosure document alone to understand your contract. Read all of your contracts carefully. Show your contracts and this Franchise Disclosure Document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “*A Consumer’s Guide to Buying a Franchise*,” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC’s home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

**Issuance Date: May 15, 2023**

## How To Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

<b><u>QUESTION</u></b>	<b><u>WHERE TO FIND INFORMATION</u></b>
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit C includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Ghost Kitchen business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Ghost Kitchen franchisee?	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need To Know About Franchising *Generally*

**Continuing responsibility to pay fees.** You may have to pay royalties and other fees even if you are losing money.

**Business model can change.** The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

**Supplier restrictions.** You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

**Operating restrictions.** The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

**Competition from franchisor.** Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

**Renewal.** Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

**When your franchise ends.** The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

### **Some States Require Registration**

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit F.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

## **Special Risks To Consider About *This* Franchise**

Certain states require that the following risk(s) be highlighted:

1. The franchise agreement requires you to resolve disputes with us by mediation, arbitration, and litigation only in Delaware. Out-of-state mediation, arbitration, and litigation may force you to accept a less favorable settlement for disputes it may also cost you more to arbitrate and litigate with us in Delaware than in your own state.
2. The franchisor is at an early state of development and has limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

## **MICHIGAN ADDENDUM TO THE DISCLOSURE DOCUMENT**

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logo type, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards;
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor;
  - (iii) The unwillingness of the proposed transferee to agree in writing

to comply with all lawful obligations; (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligation to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.**

Any questions regarding this notice should be directed to Department of the Attorney General's Office, Consumer Protection Division, Franchise Section, G. Mennen Williams Building, 525 W. Ottawa Street, Lansing, Michigan 48913; telephone number (517) 373-7117.

**THIS MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

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**ITEM 1**  
**THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES**

To simplify the language in this Franchise Disclosure Document, “Ghost Kitchen,” “we,” “us,” and “our” means GKA Franchising Inc., doing business as Ghost Kitchen, the franchisor. “You,” “your,” and “Franchisee” means the person who buys the franchise from Ghost Kitchen and its owners, if the Franchisee is a business entity.

**Franchisor, Parent, and Affiliates**

GKA Franchising Inc. is a Delaware corporation formed on October 20, 2021. Our principal business address is 2150 Chili Avenue, Rochester, New York 14264. We operate under our corporate name, “Ghost Kitchen.” We do not conduct business under any other name. We offer and support franchises for the Ghost Kitchen Business and have done so since May 15, 2023. We have not offered and do not offer franchises in any other line of business and do not own or operate any Ghost Kitchen Businesses.

We have an affiliated entity, GKC Franchising Inc. (“GKC Franchising”), an Ontario corporation that was incorporated on July 29, 2021 and its principal place of business is 108-6200 Dixie Road, Mississauga, ON L5T 2E1. GKC Franchising is our Canadian counterpart, which is used to franchise the Ghost Kitchen concept throughout Canada. GKC Franchising is engaged in the line of business associated with the franchise since our incorporation, and we started selling Ghost Kitchen franchises in Canada in October 2021.

We have an affiliated entity, Ghost Kitchens America Inc. (“GKA”). GKA is a Delaware corporation incorporated in August 2020. GKA operates a Ghost Kitchens Business in Rochester, New York. GKA has not offered and does not offer franchises in any other line of business.

We have another affiliated entity, 10735175 Canada Inc., which holds leases for the JV Kitchens (as described below) in Canada. 10735175 Canada Inc. is an Ontario corporation that was incorporated on April 16, 2018. 10735175 Canada Inc.’s principal business and registered office address is 108-6200 Dixie Road, Mississauga, ON L5T 2E1.

We have an affiliated entity, Ghost Kitchens Canada Inc. (“GKC”). GKC is an Ontario corporation incorporated on November 19, 2020, and its principal place of business is 50 Burnhamthorpe Road, Suite 401, Mississauga, Ontario L5B 3C2. GKC owns certain trade names, trademarks, logos, emblems and indicia of origin which are used in association with the System, including but not limited to, as of the date of this Disclosure Document, the trademark “GHOST KITCHENS” and as are now designated and may in the future be designated by us in writing for use with the System (the “Marks”). GKC owns the Marks in the United States and Canada. GKC has granted us the right to use, and to license others to use, the Marks in the operation of Ghost Kitchen businesses and franchised businesses pursuant to a trademark license agreement. GKC’s principal business and registered office address is 108-6200 Dixie Road, Mississauga, ON L5T 2E1. GKC is an Ontario corporation incorporated on April 22, 2020.



Our parent is Ghost Kitchen Brands Inc. (“GKB”). GKB is an Ontario corporation incorporated on November 19, 2020. Our parent, GKB, has not offered and does not offer franchises in any other line of business, and does not own or operate any Ghost Kitchen Businesses.

The Ghost Kitchen business began in July 2020, with the first kitchen facility opening in Toronto, Ontario by GKC. While some kitchen facilities are owned and operated by GKC, most are owned and operated each by a separate, standalone corporation. Starting in mid-2020 and throughout 2021, throughout Canada, GKC has partnered with third parties to establish joint venture corporations owned by GKC and that party (each, a “JV Kitchen”). As with kitchens operated by GKC, each JV Kitchen is owned and operated by a separate, standalone entity. Certain JV Kitchens own and operate more than one kitchen facility.

Prior to being operated by GKC, certain kitchen facilities were owned and operated by corporations controlled by our founder, George Kottas, beginning in 2016. These kitchen facilities operated under different trademarks and trade names than “Ghost Kitchen”. Once GKC was incorporated, these kitchens were converted to Ghost Kitchen-branded facilities, and were either operated by GKC or as a JV Kitchen.

The following affiliates own and operate joint-venture corporate Ghost Kitchen-branded facilities with one or more of our GKC. The affiliates that follow have never offered franchises in this or any other line of business and are not approved suppliers of any product that you must purchase or lease:

1. GK Ajax Inc., an Ontario corporation formed on August 28, 2020 and headquartered at 108-6200 Dixie Road, Mississauga, ON L5T 2E1, is co-owner of the corporate joint-venture Ghost Kitchen location at 270 Kingston Road East, Unit 1, Ajax, ON L1Z 1G1.

3. GK Browns Line Inc., an Ontario corporation formed on July 17, 2020 and headquartered at 108-6200 Dixie Road, Mississauga, ON L5T 2E1, is co-owner of the corporate joint-venture Ghost Kitchen location at 270 Browns Line, Etobicoke, ON M8Z 3T5.

4. GK Dixie Inc., an Ontario corporation formed on July 17, 2020 and headquartered at 108-6200 Dixie Road, Mississauga, ON L5T 2E1, is co-owner of the corporate joint-venture Ghost Kitchen location at 108-2600 Dixie Road, Mississauga, ON L5T 2E1.

5. GK Kingston Inc., an Ontario corporation formed on July 28, 2020 and headquartered at 108-6200 Dixie Road, Mississauga, ON L5T 2E1, is co-owner of the corporate joint-venture to open a Ghost Kitchen location in Kingston, Ontario.

6. GK Highbury Inc., an Ontario corporation formed on December 11, 2020 and headquartered at 108-6200 Dixie Road, Mississauga, ON L5T 2E1, is co-owner of the corporate joint-venture to open a Ghost Kitchen location in London, Ontario.

7. GK Lawrence Inc., an Ontario corporation formed on November 6, 2020 and headquartered at 108-6200 Dixie Road, Mississauga, ON L5T 2E1, is co-owner of the corporate joint-venture Ghost Kitchen locations at 1993 Lawrence Ave. E. Scarborough, ON M1R 2Z2,

1161 A Northmount Dr NW, Calgary, AB T2L 1N8, 2808 Ogden SE#8, Calgary AB, T2G 4R7, 592 Hermitage Rd NW, Edmonton, AB, T5A 4N2, 11729 Jasper Ave, Edmonton, AB, T5K 0N4, 10460 82 Ave NW, Edmonton, AB, T6E 2A2, 2321 90B St. SW, Edmonton, AB, T6X 1V8, 13875 156 St. N. W. Edmonton, AB T6V 1J1, 100 Kent St. #110, Red Deer, AB, T4P 4E5.

8. GK Niagara inc. is an Ontario corporation formed on October 8, 2020 co-owner of the corporate joint-venture Ghost Kitchen location at C14 – 7500 Lundys Lane, Niagara Falls, ON L2H 1G8.

9. GK Oriole Inc., an Ontario corporation formed on July 28, 2020 and headquartered at 108-6200 Dixie Road, Mississauga, ON L5T 2E1, is co-owner of the corporate joint-venture Ghost Kitchen location at 500 Oriole Parkway, Unit 4, Toronto, ON M5P 3S7.

10. GK Oxford Inc., an Ontario corporation formed on November 19, 2020 and headquartered at 108-6200 Dixie Road, Mississauga, ON L5T 2E1, is co-owner of the corporate joint-venture Ghost Kitchen location at 530 Oxford Street West, Unit 18A, London, ON N6H 1T6

11. GK Steeles Inc., an Ontario corporation formed on November 6, 2020 and headquartered at 108-6200 Dixie Road, Mississauga, ON L5T 2E1, is co-owner of the corporate joint-venture Ghost Kitchen location at 4000 Steeles Ave W #14, Woodbridge, ON L4L 4V9.

12. WGK Woodstock Inc., an Ontario corporation formed on November 19, 2020 and headquartered at 108-6200 Dixie Road, Mississauga, ON L5T 2E1, is co-owner of the corporate joint-venture Ghost Kitchen location at 499 Norwich Ave, Woodstock, ON N4S 9A2.

13. WGK Keele Inc., an Ontario corporation formed on February 23, 2021 and headquartered at 108-6200 Dixie Road, Mississauga, ON L5T 2E1, is co-owner of the corporate joint-venture Ghost Kitchen location at 3757 Keele Street, North York, ON M3J 1N4.

14. WGK St. Catherines Inc., an Ontario corporation formed on January 20, 2021 and headquartered at 108-6200 Dixie Road, Mississauga, ON L5T 2E1, is co-owner of the corporate joint-venture Ghost Kitchen location at 420 Vansickle Road, St. Catherines, ON L2P 1N5.

We have an affiliated entity, SoigneGo Soigne, Inc. Soigne (“Soigne”), a Delaware corporation formed on October 27, 2021, which has a principal place of business at Soigne 10583 Sunblower Avenue, Las Vegas, Nevada 10583. Soigne presently licenses proprietary software to us, which we sublicense to you, which is required to be used in the operation of your Kitchen. Pursuant to the Franchise Agreement, we will sublicense the SoigneSoigne software to you, in connection with your use of such software.

#### Agents for Service of Process

Our agent for service of process for the State of Delaware is Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808. Our agents for service of process for other states are identified in Exhibit F of this Franchise Disclosure Document. If a state is not listed,

we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above where we have appointed an agent for service of process. There may also be additional agents appointed in some states listed.

### Ghost Kitchen Franchises

We offer franchises for the operation of a kitchen facility providing menu items from one or more restaurant concepts that are officially associated and licensed with us (the “Kitchen”). A typical Kitchen will provide branded food items from a variety of restaurants, typically for take-out or delivery. Franchisees will work with us to select one or more restaurant brands/concepts that are associated and officially licensed by us, to be served in their Kitchen (each, a “Kitchen Brand” or “Approved Brand”). Each Kitchen Brand has licensed use of their trademarks and the right to sublicense those marks to you (the “Brand Marks”). You cannot include or offer for sale any other food or concept or brand in your Kitchen without our written approval. The Kitchen Brand, as they may be from time to time, are those which are identified by Franchisor during the term of the Area Representative Agreement and not thereafter withdrawn.

We offer the right to establish and operate a Kitchen under the terms of a franchise agreement (the “Franchise Agreement”) attached as Exhibit A to this Disclosure Document). You may enter into the Franchise Agreement as a corporation or other form of legal entity. As defined under the Franchise Agreement, certain parties are characterized as your Controlling Principals. The term your “Controlling Principals” shall include, collectively and individually, (i) your spouse, if you are an individual, (ii) all officers and directors (or persons holding comparable positions in non-corporate entities) of you and (iii) all officers and directors (or persons holding comparable positions in non-corporate entities) of any Controlling Principal that itself is an entity, in each case whom we designate as your principals and all holders of an ownership interest in you and of any entity directly or indirectly controlling you, and any other person or entity controlling, controlled by or under common control with you. As used in the Franchise Agreement, the terms “control” and “controlling” shall mean the power to influence the management decisions of the specified person and shall in any case be deemed to exist where the second person holds twenty percent (20%) or more of the total ownership interest in the specified person, serves on any board of directors or comparable body of such specified person or acts as an officer thereof (or holds a comparable position in a non-corporate entity). The initial Controlling Principals shall be listed on Schedule A of the Franchise Agreement. The term “Controlling Principals” shall include, collectively and individually, any principal who has been designated by us as a Controlling Principal hereunder. The Franchise Agreement gives you the right to use the Marks and the System solely at the approved location (the “Premises”).

If you are interested in becoming Ghost Kitchen franchisee, you may be asked to complete a confidential application and questionnaire when applying for consideration. This may include your authorization for us to do, at our discretion, various background checks on you, including making criminal and financial inquiries. This information will remain confidential.

## Market Competition

In addition to general competition, local markets for restaurant services will be affected by changes in local and national economic conditions and concerns. The market for ghost kitchen or virtual kitchen offerings is still evolving, and you may face competition for other similar kitchens or even standalone locations of Kitchen Brands operated by that brand's owner or its franchisees, some of which may be in close proximity to your Kitchen. The ability of each Kitchen to compete is dependent on a variety of factors, including the surrounding demographics, the Kitchen's location and characteristics, marketing, merchandising, capitalization, management's ability to implement your overall business plan and diligence.

## Industry Regulations

The restaurant industry is highly regulated at the federal, state, and local levels. These laws and regulations include design and construction requirements and permits, including the Americans with Disabilities Act of 1990 which requires readily accessible accommodations for disabled persons. Such laws and regulations may affect your building construction, site design, entrance ramps, doors, seating, and bathrooms, among other things. In addition, restaurants must comply with a number of health and safety laws and regulations concerning the preparation, storage, and service of food products. This includes various advertising and product and menu labeling requirements, each of which may impose additional compliance costs and may impact the conduct of your Ghost Kitchen Business. You should investigate the applicability of these and possibly other regulations in the area in which you are interested in locating your Kitchen and should consider both their effect and cost of compliance.

Your Ghost Kitchen Business will be subject to other laws and regulations, including state and local licensing, zoning and land use regulations. You must obtain real estate permits, where applicable, licenses and operational licenses, including, where applicable, licenses relating to the sale of alcohol. Most states also have "dram shop" laws which make bars and restaurants liable to persons injured by an intoxicated customer. You are also subject to employment laws such as the Fair Labor Standards Act and various state laws governing minimum wages, employee tip reporting, overtime and working conditions. You will also be subject to other laws or regulations that are not specific to the industry, but which apply to businesses generally.

We do not assume any responsibility for advising you on regulatory or legal matters. You should consult with your attorney about laws and regulations that may affect your Ghost Kitchen Business.

## **ITEM 2** **BUSINESS EXPERIENCE**

### Massimo Noja De Marco – Chief Executive Officer

In 2017 Massimo along with Jeffrey Kalt founded Kitchen United with the first outpost in Pasadena California. Since leaving KU in 2020, Massimo has focused on bringing automation into the Food Space, with Piestro and Miso Robotics, while developing Soigne', an End to End Solution

for Operators, providing a white label tech stack from the Ordering Platform to a specialized dedicated Drivers Network. Because of his constant pursuit for Innovation in the Food Industry, Massimo made the Top Ten in the 2020 Nation Restaurant News Power List of Restaurant Leaders changing the industry, placing at # 7. The list focused on technology and innovation, and featured individuals bringing game changing solutions and unrivaled creativity to the biggest issues facing restaurants today. Massimo was recently voted in NRN Readers Pick as one of Most Influential CEO's in America in 2021 and 2022. Massimo joined Ghost Kitchen Brands as a CEO for the United States in January of 2023.

#### David Sarner – Head of Franchise Systems and Development

Mr. Sarner has been involved in the Food and Beverage industry for over 20 years, working in franchise development, licensing, brand expansion, operations, marketing, training, and real estate development in North and South America for numerous F&B Brands. In this sector, Mr. Sarner was most recently the Chief Operating Officer for Ce La Vi, a F&B portfolio company of L Catterton, the largest consumer focused Private Equity fund in the world, in charge of operations and brand expansion in Asia, Europe and Middle East.

### **ITEM 3** **LITIGATION**

No litigation is required to be disclosed in this Item.

### **ITEM 4** **BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

### **ITEM 5** **INITIAL FEES**

#### **Initial Franchise Fees**

##### Ghost Kitchen Business Initial Franchise Fee

If you are purchasing a Ghost Kitchen Business, you must pay us an initial franchise fee (the “Initial Franchise Fee”) of between \$40,000 when you sign the Franchise Agreement, dependent on the territory in which you intend to operate. The Initial Franchise Fee is deemed fully earned by us once paid and is non-refundable.

One week prior to opening your Ghost Kitchen Business, you are required to pay to GKA (or a designee) a Rental Deposit in the amount of \$5,000. This Rental Deposit will be held for the entirety of any Franchise Agreement opened by Representative (or an affiliate of Representative) pursuant to their Area Representative Agreement.

## Training Fee

You and all managers of any Ghost Kitchen Business shall either travel to our offices in Toronto, Canada, or a location of our choosing for an approximately two (2) week training prior to opening or operating any Kitchen. We, at our discretion, may also select to provide the training at your Kitchen prior to your grand opening. The training fee for the initial Operating Principal is free for up to 4 people and training for other persons is \$250 per person, per day, not including any traveling, lodging, or other costs. This training is required only one (1) time per person and we reserve the right to pre-approve all individuals who seek to participate in our training program.

### **ITEM 6** **OTHER FEES**

<b>Type of Fee<sup>(1)</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Continuing Service Royalty <sup>(2)</sup>	6% of Gross Revenues	Weekly via ACH on Tuesday for the sales week ending the immediately-preceding Sunday.	Based on Gross Revenues (as defined herein) including the sum of sales for all Approved Brands during the previous week.
Kitchen Brand Royalty	The royalty or associated cost charged by each brand in your Ghost Kitchen, which is charged directly by each specific brand; currently, brand royalties range from 0% to 6% of Gross Revenues for revenues associated with that specific brand	Weekly via ACH on Tuesday for the sales week ending the immediately-preceding Sunday.	Based on Gross Revenues (as defined herein) including the sum of sales for all Approved Brands during the previous week.
Brand Fund Contribution	2% of Gross Revenues	Paid with the first royalty payment of each month via ACH.	Based on Gross Revenues during the previous month. See Item 11 for a detailed discussion about the Brand Fund.

Local Marketing Requirement	1% of Gross Revenues	As incurred.	Local marketing requirements are discussed in Item 11. Any marketing materials you wish to use must first be approved by us. If you fail to spend the local marketing requirement in any given period, you will be required to pay the difference to the Brand Fund Contribution.
Additional Training or Assistance (sometimes referred to as a “Consulting Fee”)	Our then-current <i>per diem</i> fee, plus expenses	When training or assistance begins.	We may charge you for training newly-hired personnel; for refresher training courses; for the annual convention; and for additional or special assistance or training you need or request. For all training sessions and conferences, you must pay for your trainees' and representatives' salaries and benefits, and for their travel, lodging and meal expenses.
Lease Review Fee	You must reimburse our expenses	15 days after billing	If we are required to conduct a lease review of pursuant to the Franchise Agreement.
Transfer Fee	50% of the then-current initial franchise fee	Before transfer completed.	No charge if Franchise Agreement transferred to an entity you control.
Technology Fee	\$500 - \$2,000	Monthly	Fees set by Soigne and approved suppliers of POS, computer systems, and required software licenses.

Testing of Products or Approval of new Suppliers	\$750	When billed.	This covers the costs of testing new products or inspecting new suppliers you propose to us.
Audit	Cost of inspection	15 days after billing.	Due if you do not give us reports, supporting records or other required information, or if you understate required Continuing Support and Royalty payments or Fund contributions by more than 2%.
Interest	Lesser of 1.5% per month or highest commercial contract interest rate law allows	15 days after billing.	Due on all overdue amounts.
Maintenance and Refurbishing of Business	You must reimburse our expenses	15 days after billing.	If, after we notify you, you do not undertake efforts to correct deficiencies in Business appearance, then we can undertake the repairs and you must reimburse us.
Insurance	You must reimburse our costs	15 days after billing.	If you fail to obtain insurance, we may obtain insurance for you and you must reimburse us.
Insufficient Funds	\$50	As incurred.	Due if you have insufficient funds in your EDTA to cover a payment, or if you pay by check, a check is returned for insufficient funds.
Cost of Enforcement	All costs including reasonable attorneys' fees	Upon demand.	You must reimburse us for all costs in enforcing obligations if we prevail, under the Franchise Agreement.



Management Fee	\$350 per person per day (plus costs and expenses)	As incurred.	Due when we (or a third party) manage your Business after your managing owner's death or disability, or after your default or abandonment.
Indemnification	Will vary	As incurred.	You must reimburse us if we are held liable for claims from your Business' operation.

Notes:

1. All fees paid to us pursuant to this Franchise Disclosure Document are uniform and non-refundable. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We can require an alternative payment method and frequency for any fees or amounts owed to us under the Franchise Agreement.
2. As used in the Franchise Agreement, "Gross Revenues" means the total selling price of all foods, services and products sold at or from your Ghost Kitchen Business including the sum of all of your Approved Brands sales operating at your Kitchen (not adjusted for credit card fees), including the full value of any gift certificate redeemed at your Ghost Kitchen Business or coupon sold for use at your Ghost Kitchen Business (fees retained by or paid to third-party sellers of such gift certificates or coupons are not excluded from calculation), and all income and revenue of every other kind and nature related to the Ghost Kitchen Business operation, whether for cash or credit, but excluding taxes collected from customers and paid to taxing authority, and reduced by the amount of any documented refunds, credits, allowances, and chargebacks the Business in good faith gives to customers.

**ITEM 7**  
**YOUR ESTIMATED INITIAL INVESTMENT**

**Ghost Kitchen Business**

Expenditure	Estimated Range		Method of Payment	When Due	To Whom Payment is Made
	Low	High			
Initial Franchise Fee <sup>(1)(2)</sup>	\$40,000	\$40,000	Lump Sum	When signing Franchise Agreement	Ghost Kitchen
Training Travel Expenses <sup>(10)</sup>	\$500	\$3,000	As arranged	Before Opening	Third-Parties
Real Estate and Rent Deposits <sup>(3)</sup>	\$9,000	\$40,000	As arranged	Before Opening	Third-Parties
Rent Deposit	\$5,000	\$5,000	Lump Sum	One Week Before Opening	GKA
Utilities <sup>(8)</sup>	\$1,000	\$6,000	As arranged	Before Opening	Utility Providers
Kitchen Build Out <sup>(3)</sup>	\$50,000	\$200,000	As arranged	Before Opening	Third-Parties/ Government Authorities
Furniture, Fixtures, and Equipment	\$50,000	\$100,000	As arranged	Before Opening; as incurred	Third-Parties
Computer Software, Point of Sale System, TV, Cameras, and other Supplies <sup>(4)</sup>	\$15,000	\$25,000	As arranged	Before Opening	Us or Third-Parties
Technology Installation <sup>(6)</sup>	\$5,000	\$7,500	As arranged	Before Opening	Us, Soigne, or Approved Suppliers
Signs <sup>(5)</sup>	\$1,000	\$12,000	As arranged	Before Opening	Third-Parties
Insurance <sup>(9)</sup>	\$100	\$1,500	As arranged	Before Opening	Third-Parties
Professional Fees <sup>(11)</sup>	\$500	\$5,000	As arranged	Before Opening	Third-Parties
Architecture and Engineering <sup>(12)</sup>	\$1,000	\$20,000	As arranged	Before Opening	Third-Parties
Opening Inventory <sup>(7)</sup>	\$10,000	\$30,000	As arranged	Before Opening	Us or Third-Parties
Licenses and Permits <sup>(13)</sup>	\$300	\$5,000	As arranged	Before Opening	Third-Parties

Grand Opening	\$1,000	\$5,000	As arranged	Before Opening	Media and Third-Parties
Additional Funds – Three (3) Months <sup>(14)</sup>	\$5,000	\$10,000	As arranged	As incurred	Third-Parties/ Employees
<b>TOTAL ESTIMATED INITIAL INVESTMENT</b>	<b>\$194,400</b>	<b>\$515,000</b>			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Ghost Kitchen Business for three (3) months. We do not offer direct or indirect financing for these items. The availability and terms of financing from third-parties depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and the lending policies of financial institutions from which you may request a loan. The factors underlying our estimates may vary depending on several variables, and the actual investment you make in developing and opening your Ghost Kitchen Business may be greater or less than the estimates given depending upon the location of your Ghost Kitchen Business and current relevant market conditions. We did not include state or local sales taxes in any of the above estimates. Unless otherwise stated, these estimates are subject to increase based on changes in market conditions, our costs of providing services, and future policy changes.

1. All fees paid to us pursuant to this Franchise Disclosure Document are uniform and non-refundable. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers.
2. We discuss the Initial Franchise Fees in detail in Item 5 of this Franchise Disclosure Document.
3. This estimate is based on a commercial lease of approximately 1,500 to 3,500 square feet of retail space with HVAC, lighting fixtures, electrical outlets and telephone wiring installed for your Ghost Kitchen Business. Rent is estimated to be between \$3,000 and \$10,000 per month, including common area maintenance (“CAM”) charges, if any, and depends on factors such as market, size, condition, requirements for build-out, and location of the leased premises. Landlords typically require an initial payment equal to the first month’s rent plus a guarantee deposit equal to one (1) month’s rent. This estimate does not include security deposits or prepaid rent which the landlord may require. If you choose to purchase instead of lease the premises for your location, then the purchase price, down payment, interest, and other financing terms will determine your monthly mortgage payments. The costs of purchasing a Kitchen vary so widely that we cannot reasonable estimate the cost. The lower scale assumes that you are adding this concept to an already established Ghost Kitchen.
4. You must purchase and install cameras and security/monitoring equipment based on our requirements.

5. You must purchase wall signage for the exterior of any leasehold space. The estimate varies based on the size of the exterior façade as well as whether you are launching a ghost kitchen or a food hall.
7. You must purchase certain initial inventory as we require in the Manual or otherwise in writing, from us or our Approved Suppliers.
8. This estimate is for deposits on utilities required to open your Kitchen. The lower scale assumes that you are adding this concept to an already established Ghost Kitchen.
9. You must obtain and maintain, at your own expense, the insurance coverage we require and satisfy other insurance-related obligations. The amounts listed in this table reflect our estimate of basic insurance for your first month of operation and is based upon the most recent going insurance rates. Additional information regarding insurance needs, including coverage limits, can be found in Item 8 to this Franchise Disclosure Document.
10. This estimate is for the cost of two (2) people to attend initial training in Toronto, Ontario. You are responsible for the travel and living expenses, wages, and other expenses incurred by your trainees during initial training. The actual cost will depend on your point of origin, method of travel, class of accommodations, and dining choices.
11. We recommend that you consult with an attorney, accountant, and/or other advisor prior to purchasing a franchise. You must obtain state and local licenses and business licenses. You may have to post bonds in order to obtain certain governmental permits.
12. You will be responsible for employing an architect or engineer to prepare drawings and specifications. The lower scale assumes that you are adding this concept to an already established Ghost Kitchen.
13. The estimate includes the cost of acquiring business licenses and permits. Your costs will vary depending upon your Kitchen's location.
14. The figures set forth herein are estimates of a complete investment in opening a Ghost Kitchen Business and operating it for three (3) months after you open for business. These estimates have been derived from our parent's and affiliates' experience developing, opening and operating multiple kitchens in Canada since July 2020. A typical Ghost Kitchen facility may be between 1,500 – 3,500 square feet. While the difference between the low and high ranges is primarily due to the actual size of the unit, a multitude of variables such as site conditions, lease conditions, the cost of goods and materials at time of development as affected by fluctuating market conditions, your upgrades to our standard design, etc. will also affect over all expenditures. We have relied on our experience operating affiliate-owned locations in making this Item 7 disclosure.

**ITEM 8**  
**RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

You must operate your Ghost Kitchen Business according to our System and specifications. Except as described below, however, we do not require you to purchase or lease goods, services, supplies, fixtures, equipment, inventory, or real estate for your Ghost Kitchen Business from us or an Approved Supplier.

Approved Products and Services

You may only market, offer, sell, and provide the approved services, as well as any related merchandise and other products that we authorize for sale in conjunction with the Approved Products and Services. We will provide you with a list of our then-current Approved Products and Services, along with their standards and specifications, as part of the Manuals or otherwise in writing prior to the opening of your Franchised Business. We may update or modify this list in writing at any time.

If you wish to offer any product or service in your Franchised Business other than our Approved Products and Services, or use any item in connection with your Franchised Business that does not meet our System standards and specifications, then you must obtain our prior written approval as described more fully in this Item.

Approved Suppliers

We have the right to require you to purchase any items or services necessary to operate your Franchised Business from a supplier that we approve or designate (each, an “Approved Supplier”), which may include us. We will provide you with a list of our Approved Suppliers in writing as part of the Manuals or otherwise in writing, and we may update or modify this list as we deem appropriate.

As of the date of this Disclosure Document, Soigne is the only Approved Supplier for the proprietary software which required to be used in the operation of your Kitchen.

Other than the foregoing, neither we nor any of our officers own an interest in any of our Approved Suppliers. However, we reserve the right to require you to purchase additional items from us in the future.

We may develop proprietary products for use in your Franchised Business, including private-label products that bear our Marks or our Approved Brands’ Marks, and require you to purchase these items from us.

If you wish to purchase a product or service that we require you to purchase from an Approved Supplier from an alternate source, then you must obtain our prior written approval as outlined more fully in this Item. We may provide our standards and specifications for our Approved Products and Services directly to our Approved Suppliers and may provide these standards and specifications to an alternative supplier you propose if: (i) we approve the supplier in writing as

outlined more fully in this Item; and (ii) the alternative supplier agrees to sign our prescribed form of non-disclosure agreement with respect to any confidential information we disclose.

### Required Purchases and Right to Derive Revenue

The products or services we require you to purchase or lease from an Approved Supplier, or purchase or lease in accordance with our standards and specifications, are referred to collectively as your “Required Purchases.” We estimate that your Required Purchases, purchases from Approved Suppliers and purchases that must meet our specifications in total will be about 50% of your total purchases to establish the Kitchen and about 50% of your purchases to continue the operation of the Kitchen. Please be advised that these percentages do not include the lease payments that you make in connection with your premises.

We reserve the right to derive revenue from any of the purchases (items or services) that our System franchisees are required to make in connection with the Franchised Business. At present, our parent, as described in Item 1, owns a portion of our affiliate, Soigne (also described in Item 1). In our last fiscal year, ending on December 31, 2022, we received \$0 in revenue from all required purchases and leases of products and services by franchisees, including purchases of items to be resold in the Kitchen, and rebates we receive from third-parties. This was 0% of our total revenue of \$0, as reported in our most recent audited financial statements.

We may receive payments or other compensation from Approved Suppliers or any other suppliers on account of these suppliers’ dealings with us, you, or other Franchised Businesses in the System, such as rebates, commissions or other forms of compensation. We may use any amounts that we receive from suppliers for any purpose that we deem appropriate. We may negotiate supply contracts with our suppliers under which we are able to purchase products, equipment, supplies, services and other items at a price that will benefit us and our franchisees.

### Non-Approved Product/Service and Alternate Supplier Approval

We may, but are not obligated to, grant your request to: (i) offer any products or services in connection with your Franchised Business that are not Approved Products and Services; or (ii) purchase any item or service we require you to purchase from an Approved Supplier from an alternative supplier.

If you wish to undertake either of these actions, you must request and obtain our approval in writing before: (i) using or offering the non-approved product or service in connection with your Franchised Business; or (ii) purchasing from a non-approved supplier. You must pay our then-current supplier or non-approved product evaluation fee when submitting your request, as well as cover our costs incurred in evaluating your request. We may ask you to submit samples or information so that we can make an informed decision whether the goods, equipment, supplies, or supplier meet our specifications and quality standards. In evaluating a supplier that you propose to us, we consider not only the quality of the particular product at issue, but also the supplier’s production and delivery capability, overall business reputation and financial condition. We may provide any alternate supplier you propose with a copy of our then-current specifications for any product(s) you wish the supplier to supply, provided the supplier enters into a confidentiality and

non-disclosure agreement in the form we specify. We may also inspect a proposed supplier's facilities and test its products and/or services, and request that you reimburse our actual costs associated with the testing/inspection.

We will notify you in writing within 30 days after we receive all necessary information and/or complete our inspection or testing to advise you if we approve or disapprove the proposed item and/or supplier. The criteria we use in approving or rejecting new suppliers is proprietary, but we may (although are not required to) make it available to you upon request. Each supplier that we approve must comply with our usual and customary requirements regarding insurance, indemnification, and non-disclosure. If we approve any supplier, we will not guarantee your performance of any supply contract with that supplier under any circumstances. We may re-inspect and/or revoke our approval of a supplier or item at any time and for any reason to protect the best interests and goodwill of our System and Marks. The revocation of a previously-approved product or alternative supplier is effective immediately when you receive written notice from us of revocation and, following receipt of our notice, you may not place any new orders for the revoked product, or with the revoked supplier.

#### Purchasing Cooperatives and Right to Receive Compensation

We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and Approved Suppliers on behalf of the System. We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the Kitchens in our System. If we do establish those types of alliances or programs, we may: (i) limit the number of approved suppliers with whom you may deal; (ii) designate sources that you must use for some or all products, equipment, and services; and (iii) refuse to approve proposals from franchisees to add new suppliers if we believe that approval would not be in the best interests of the System.

We may receive payments or other compensation from Approved Suppliers or any other suppliers on account of these suppliers' dealings with us, you, or other Franchised Businesses in the System, such as rebates, commissions, or other forms of compensation. We may use any amounts that we receive from suppliers for any purpose that we deem appropriate. We may negotiate supply contracts with our suppliers under which we are able to purchase products, equipment, supplies, services, and other items at a price that will benefit us and/or our franchisees.

We reserve the right to create additional purchasing cooperatives in the future. We may negotiate volume purchase agreements with some vendors or Approved Suppliers for the purchase of goods and equipment needed to operate the Kitchen.

#### Franchise Compliance

When determining whether to grant new or additional franchises, we consider many factors, including your compliance with the requirements described in this Item 8. You do not receive any further benefit as a result of your compliance with these requirements.

## Specifications and Standards

### *Equipment and Supplies*

You must purchase or lease certain equipment and supplies meeting our specifications. Also, you must purchase or lease initial equipment and supplies in amounts that we recommend, to use our experience in the business and to provide proper initial planning, training, operation and record keeping. The initial equipment and supplies that must meet our specifications are identified in our manuals. Any signs, logos, emblems, or pictorial materials using our trademarks must meet our specifications.

### *Site Selection Criteria*

You must find a site for your business that meets our site selection criteria as stated in Item 11 and execute a lease or purchase agreement within 60 days after signing your Franchise Agreement. You must obtain a written approval from us regarding your proposed site prior to you executing a lease for the site. We will not unreasonably withhold approval of any site that meets our standards. Our approval of a site is not a representation or warranty that your business will be profitable or that your revenues will attain any predetermined levels. Approval is intended only to indicate that the proposed site meets our minimum criteria for identifying sites. You agree that our approval or disapproval of a proposed site does not impose any liability on us.

### *Lease of the Site and Signs*

We must approve of any lease or sublease for the site for your business, and your lease or sublease must include the Rider attached to the Franchise Agreement included herewith. At least one (1) exterior sign of stated design and size, if permitted by local sign ordinances, must be used for the premises.

### *Design Specifications*

We may provide you with specifications for design, decoration, layout, equipment, furniture, fixtures, and signs for your Ghost Kitchen Business, but all items may be purchased from any source unless otherwise noted in this Item 8.

### *Maintenance and Repairs*

You must uniformly maintain your Ghost Kitchen Business to the degree of sanitation, repair, appearance, condition, and security as stated in our manuals, as they may be updated from time-to-time. You must make additions, alterations, repairs, and replacements to your Ghost Kitchen Business as reasonably required for that purpose, including periodic repainting changes in appearance, upgrades and repairs to equipment, and replacement of obsolete signs as we reasonably direct. We cannot estimate these costs for you since the square footage and actual uses of each facility will vary. Maintenance is generally less expensive than replacement. You must meet and maintain the safety standards and ratings applicable to the operation of your Ghost Kitchen Business as we reasonably require.



### Renovation and Upgrading

You must abide by our requirements on alterations, remodeling, upgrading or other improvements to your Ghost Kitchen Business. The requirements will not exceed those applicable to new franchised units, and company-owned units; and will not generally occur more frequently than every four (4) years. You will be responsible for the cost of changes or additions.

### Modifications of Specifications

Our standards and specifications are found in our manuals. We may modify our specifications on reasonable written notice to you. We will consider your written request for a modification of a specification if you explain the reason for the requested modification and provide us with sufficient technical data to enable us to evaluate your request. We will provide you with notification of approval or disapproval within 30 days after receipt of your request. We will approve a request if we determine that a modified specification is appropriate or that any equipment or supply meets our specifications then in effect. We may perform tests to determine any requested modification meets our specifications. We may charge you a fee to cover our reasonable costs and expenses in evaluating any request or conducting tests in order to grant our approval.

### Insurance

You must obtain and maintain insurance, at your expense, as we require, in addition to any other insurance required by applicable law, your landlord, or otherwise. We may periodically change the amounts of coverage required under the insurance policies and require different or additional kinds of insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances, if the changes apply to all Ghost Kitchen Business. Each insurance policy must name us, and entities and persons affiliated with us as additional insureds. On our request, you must provide us with copies of all insurance policies together with proof of payment for insurance. You must send to us current certificates of insurance and copies of all insurance policies on an annual basis. Before you open your Ghost Kitchen Business, you must furnish us with a certificate of insurance showing compliance with the insurance requirements. Currently, you must have the following insurance at a minimum:

- Comprehensive general liability insurance with limits of at least \$1,000,000 per person per occurrence (and \$2,000,000 aggregate for bodily injury) and at least \$25,000 for property damage per occurrence;
- Personal injury and advertising injury insurance with limits of at least \$1,000,000 per occurrence;
- Employer Practices Liability insurance with limits of at least \$1,000,000;
- An Umbrella Liability insurance policy with a limit of at least \$1,000,000;

- “All risk” insurance on the premises, equipment, and supplies, for loss or damage by fire, windstorm, flood, casualty, theft and other risk usually insured against by the owners or lessors of similar property, for at least 100% of the replacement cost of the property. Unless you obtain a written waiver from us, any Ghost Kitchen Business sustaining loss or damage must be repaired, restored, or rebuilt within 60 days after the date of the loss or damage;
- Automobile liability insurance on each vehicle used in the business within the minimum coverage limits as required by the law of the state or jurisdiction in which you are engaged in business; and
- Worker’s compensation or similar insurance as required by the law of the state or jurisdiction in which you are engaged in business. This insurance must be maintained for trainees, as well as for those employed or engaged in the operation of your Ghost Kitchen Business, if required by your state or jurisdiction.

Computer System

You must purchase the computer system that we specify, including computer hardware, software, point of sale system, inventory control systems, and high-speed network connections (collectively, the “Computer System”). The component parts of the Computer System must be purchased from Approved Suppliers. If we require you to use any proprietary software or to purchase any software from a designated vendor, you must sign any software license agreements that we or the licensor of the software require and any related software maintenance agreements. Currently, we require to you to utilize Soigne POS: (i) at an initial cost of \$15,000 to \$25,000 for required equipment, (ii) at an initial cost of \$5,000 to \$7,500 for installation of required equipment, and (iii) with a monthly fee (for software, kiosks, gift cards, and online ordering subscriptions) of approximately \$500 to \$1,200 per month. The Computer System is described in more detail in Item 11 of this Disclosure Document.

**ITEM 9**  
**FRANCHISEE’S OBLIGATIONS**

**This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Franchise Disclosure Document.**

Obligation	Section in Franchise Agreement	Item in Franchise Disclosure Document
a. Site selection and acquisition/lease	Sections 4.2, 7.2	Items 5, 7 & 11
b. Pre-opening purchases/leases	Sections 4.2 and 7.2	Items 7
c. Site development and other pre-opening requirements	Section 7.2	Items 7 & 11

d. Initial and ongoing training	Section 5.2	Items 11
e. Opening	Sections 7.2, 7.3 and 7.6.1	Items 6 & 7
f. Fees	Section 6	Items 5, 6 & 7
g. Compliance with standards and policies/ Operations Manual	Sections 5.4, 5.6, 7.1 and 7.3	Items 11
h. Trademarks and proprietary information	Section 8.1	Items 13 & 14
i. Restrictions on products/services offered	Sections 5.6 and 7.3.3	Items 8& 16
j. Warranty and customer service requirements	Not Applicable	
k. Territorial development & sales quotas	Not Applicable	
l. Ongoing products/service purchases	Sections 7.3.3 and 7.5.4.2	Items 8 & 16
m. Maintenance, appearance, and remodeling requirements	Section 7.3.6	Items 11
n. Insurance	Section 7.7	Items 7
o. Advertising	Sections 5.5, 7.1.3 and 7.6	Items 6 & 11
p. Indemnification	Section 8.5	Items 6, 13 & 14
q. Owner's participation/management/staffing	Sections 7.4 and 7.5	Items 11 & 15
r. Records and reports	Section 7.6	Items 6
s. Inspections and audits	Sections 6.5 and 7.3.4	Items 6 & 11
t. Transfer	Sections 6.8 and 9	Items 17
u. Renewal	Section 4.6.2	Items 17
v. Post-termination obligations	Section 10.3	Items 17
w. Non-competition covenants	Sections 8.6 and 10.3	Items 17
x. Dispute resolution	Section 11	Items 17

## **ITEM 10** **FINANCING**

We do not offer direct or indirect financing. We do not guarantee your note, lease, or any of your obligations.

**ITEM 11**  
**FRANCHISOR’S ASSISTANCE, ADVERTISING,**  
**COMPUTER SYSTEMS AND TRAINING**

**Except as listed below, GKA Franchising Inc. is not required to provide you with any assistance.**

Pre-Opening Obligations

Before you open your Ghost Kitchen Business, we (or our designee) will provide the following assistance and services to you:

- (1) Designate your Territory (See Sections 4.3 and 7.2 of the Franchise Agreement);
- (2) Loan you one (1) copy of the Confidential Operations Manual. The Confidential Operations Manual contains approximately 40 pages. The table of contents for the Confidential Operations Manual is attached to this Franchise Disclosure Documents as Exhibit E (See Section 5.4 of the Franchise Agreement);
- (3) Provide site selection guidelines and criteria and provide site selection assistance to determine an acceptable location for your Ghost Kitchen Business (See Section 7.2 of the Franchise Agreement);
- (4) Within 30 days of your signing the approved lease or location purchase, we will provide you with access to prototype design plans, specifications, décor and layout for a Kitchen, including requirements for design, color, scheme, image, interior layout and operation assets that include fixtures equipment interior signs and furnishings. We may also designate additional suppliers of goods and services (See Section 7.3 of the Franchise Agreement);
- (5) Assist you in implementing an opening marketing initiative for your Ghost Kitchen Business (See Section 5 of the Franchise Agreement);
- (6) We, or our designee, will provide instruction and assistance prior to the opening of your Ghost Kitchen Business and immediately following the opening by telephone or in-person, as we determine in our sole discretion (See Sections 5.2 and 5.5 of the Franchise Agreement); and
- (7) Provide an initial training program (“Initial Training Program”) as described below.

Franchisor does not provide assistance with conforming the premises to local ordinances and building codes and obtaining any required permits, and/or constructing, remodeling, or decorating the premises, and/or hiring and training employees.

We generally do not own the premises and do not require you to rent your premises from us.

## Post-Opening Obligations

During the operation of your business, we may:

- (1) Provide periodic telephone and electronic mail assistance on daily operations, marketing, advertising, personnel and other operating issues that you encounter, and provide review and analyses of your operations (See Section 5.3 of the Franchise Agreement);
- (2) Update the manuals to incorporate improvements and new developments in the System. These revisions may be made at any time (See Section 5.4 of the Franchise Agreement);
- (3) Make available to you initial training of replacement managers at a location that we determine. We may charge you a fee for this training. (See Section 5.2.1 of the Franchise Agreement);
- (4) Advise as to source of supply for equipment, services, supplies, products and materials, and make reasonable efforts to negotiate, enter into and maintain contracts for equipment, supplies and services for your purchase (See Sections 5.6 and 7.3.3 of the Franchise Agreement);
- (5) Assist you with sales promotions and administer a system-wide Brand/Advertising Fund (See Section 7.5.3 of the Franchise Agreement) (See Brand/Advertising Fund below);
- (6) At our option, provide access to our manuals, franchisee resources and company news (See Sections 5.2.3 and 5.4 of the Franchise Agreement);
- (7) At our option, maintain a website and provide you with a standard web page on the website (See Section 7.5.4 of the Franchise Agreement); and
- (8) Provide you access to print and television advertisements, if and when they exist, for use by you (See Section 5.5 of the Franchise Agreement).

## Advertising and Promotion

### *Brand Fund/Advertising*

You must contribute up to 2% of Gross Revenues each month to our system-wide advertising and promotions fund (“Brand Fund”). All franchises will contribute on an equal basis to the Brand Fund. The Brand Fund will be intended to promote the services of the System. We will administer the Brand Fund and all programs that the Brand Fund finances. We will use the Brand Fund for public relationships and the development and placement of print, electronic media and web-based advertising. We will not use the Brand Fund to solicit prospective franchisees, but we may use the Brand Fund to develop a website and social media platforms. We may use an outside advertising

agency to create and place advertising, and handle public relations. The Brand Fund will advertise locally, regionally and nationally, as we decide in our sole discretion, to promote the System.

We will account for the Brand Fund separately from our other funds each year. The Brand Fund will not be audited, but we will prepare an annual unaudited financial statement of the Brand Fund that will be available on your request about 120 days after the end of the fiscal year. Other than reimbursement for reasonable costs and overhead incurred in activities for the administration or direction of the Brand Fund, which may include prorated salary and benefits of any personnel who manage and administer the Brand Fund, meeting costs and similar expenses, neither we nor any affiliate will receive any payment for providing services or products to the Brand Fund. We may, but are not required to, collect for deposit into the Brand Fund any advertising, marketing or similar allowances paid to us for that purpose by suppliers who deal with your Ghost Kitchen AR Business.

### Franchisee Advisory Council

We do not currently have a Franchisee Advisory Council.

### Local Advertising

You are not required to participate in a local or regional advertising cooperative. You are, however, required to spend at least 1% of Gross Revenues per month on local advertising each month, as outlined in Item 6 of this Franchise Disclosure Document.

You must spend an equal amount, each month, on advertising and promoting each Approved Brand that you offer in your Kitchen. You must submit to us, for our approval, all media and materials to be used for local advertising, unless the media and/or materials have been approved before or unless we provided the materials to you. All materials containing our proprietary marks must include the designation service mark <sup>SM</sup>, trademark <sup>TM</sup>, registered trademark <sup>®</sup>, copyright <sup>©</sup>, or any other designation we specify. If you do not receive written or oral approval of any materials submitted within 30 days from the date we receive the materials, the materials are disapproved. We may require you to withdraw and/or discontinue the use of any promotional materials or advertising, even if previously approved. We must make this requirement in writing, and you have 5 days after receipt of our notice to withdraw and/or discontinue use of the materials or advertising. Your submission of advertising for our approval does not affect your right to determine the prices at which you sell your services.

You may have as many telephone numbers and telephone directory listing for the franchised business as you choose; however, you acknowledge and agree that we will own all rights and interest in each telephone number (regardless of whether such telephone number pre-existed any Franchise Agreement) and telephone directory listing, email address, domain name, social media platform, and comparable electronic identify that is associated in any manner with your Franchise and/or with any Mark (“Listing”). You acknowledge and agree that all goodwill arising from or in connection with the use of each Listing will inure to our benefit. Promptly after expiration, termination, repurchase or transfer of the Franchise, you will notify each telephone or Internet Service Provider (“ISP”) with whom you have any Listing and direct them to transfer the Listing

to us, or any persons we designate, at your expense; and you agree to execute all documents necessary to complete these transfers.

You must include in any significant display advertisements, and in marketing materials for your Ghost Kitchen Business, a notice that your Ghost Kitchen Business is individually owned and operated. Subject to any legal restrictions, you also are required to display or make available in your Ghost Kitchen Business's reception area, marketing materials that we may provide to you about the purchase of Ghost Kitchen franchises, but you have no responsibility or authority to act for us in franchise sales.

You may not solicit business outside your Territory through the use of a toll-free number, direct mail, website, social media platform, or other advertising method without our prior written approval. You may not establish your own website or social media platforms without our written approval.

### System Website

At our option, we may establish one or more websites to advertise, market and promote the System and the franchise opportunity. We currently maintain the website [www.ghostkitchenbrands.com](http://www.ghostkitchenbrands.com); however, we are not obligated to continue to maintain that website, and are not barred from (or required to) creating additional or replacement websites. In any website now in existence or hereinafter-created, we may provide you with a listing for your location, or a web page to promote your business, if you provide us with the information that we request to develop your web page. Our system standard will apply to any website advertising. We may provide a secure intranet for our franchisees, but do not currently have one.

### Computer System and Internet Access

You must purchase and use the complete computer software services and electronic cash register/point-of-sale system (*i.e.*, the "POS System") we require, which we have the right to change at any time. Our specific requirements for computer systems are included in the Manual. We reserve the right to designate the specific hardware and software components you must purchase, as well as the suppliers from whom you must purchase the computer system and/or its components, which may include a sublicense of Soigne software from us. You must at all times have a high speed internet connection for your computer system. The computer system will provide you with the following functions: accounting, reporting, e-mail, internet access, retail sales, customer tracking, and payment processing. Currently, the approximate annual cost to you for the POS System and other, required equipment, is \$6,000 to \$14,400. This cost is subject to increases by the vendors. Any maintenance, repair or updates due to the computer system are Your responsibility. (See Section 7.3.8 of the Franchise Agreement).

You must have broadband Internet access, which will permit you to use web-based technology, gather information, exchange ideas and transfer data. You may use any independent Internet Service Provider of your choosing that provides broad-band access. Franchisor will have independent access, with no contractual limits, to the information generated and stored in the point

of sale or computer system. You must maintain a functioning email address so that we can communicate with you electronically.

We may upgrade our minimum computer system requirements at any time in order to keep pace with technology. There are no contractual limitations on the frequency or cost of this obligation, but we expect you will need to upgrade at least every five (5) years. If we modify or impose a requirement, we will notify you in our manuals or other written communications, and will give you a reasonable time in which to comply at your expense. We estimate that the cost of upgrading and replacing a computer system is approximately \$500 annually.

We may assist you in obtaining the computer system and related services, but we are not obligated to do so. We may, in the future, designate an approved supplier for computer components.

We disclaim all implied warranties to the extent permitted by law. We are not obligated to provide ongoing maintenance, repairs, upgrades, or updates to any component of your computer system. You should determine for yourself whether or not any third-party supplier from whom you purchase any component of your computer system is obligated to provide ongoing maintenance, repairs, upgrades or updates to any component of your computer system, and determine the additional cost for the services.

### Manuals

After you sign your Franchise Agreement, and prior to initial training, we will give you electronic access to or lend you a paper or read-only disk copy of a single copy of our manuals. The manuals contain proprietary information, and you must keep this information confidential as described in Item 14. A copy of the Table of Contents for the Operations Manual, as of December 1, 2021, is attached hereto as Exhibit E.

### Initial Training Program

You will receive the following training before you open your Ghost Kitchen Business:

Subject	Hours Classroom Training	Hours On-The-Job Training	Location
Introduction to Ghost Kitchen	5	5	TBD
Understanding Ghost Kitchen & Its Services	15	15	TBD
Guest Experience	20	20	TBD
Key Performance Indicators	20	20	TBD
Brand Standards	20	20	TBD
Health & Safety	20	20	TBD
<b>TOTAL HOURS</b>	<b>100</b>	<b>100</b>	

The hours devoted to each subject are estimates only and may vary substantially based on how quickly trainees grasp the material, their prior experience with the subject, and scheduling. The



training program provided by Ghost Kitchen will take place in Toronto, Ontario. The training provided by each of the Approved Brands you select, as stated in Exhibit K to Franchise Agreement, will take place at your location, utilizing your Kitchen before your grand opening. We will train up to four (4) people. Prior to scheduling training, key pre-opening tasks must be completed such as locating and fitting out your Kitchen, hiring staff and any business-related licenses. Your cook and manager must also attend the training. We typically schedule training four (4) to six (6) times a year, between eight (8) and twelve (12) weeks apart, as needed.

Matt Meyers, our Vice President of Operations, who has over 20 years of experience in the restaurant industry, will oversee the entire initial training. Trainees are expected to read and have reviewed the Operations Manual prior to attending training. Supplemental training will be provided in a review of the material along with hands-on, observational and visual instruction on our daily procedures and best practices for operating the Kitchen.

If you are an individual, you and your original manager, if any, must attend and complete our initial training program to our satisfaction. If you are a legal entity, your Operating Principal and your original manager, if any, must attend and successfully complete initial training. We recommend that you plan to attend training before you sign a lease for your business.

We do not currently conduct, but may in the future, regional and/or national conferences. If and when we do, you (or your Operating Principal) must attend a regional or national conference, which shall not occur more than one time per year. At our option, we may charge you a conference fee or a proportionate share of our out-of-pocket costs for each annual conference.

You (or your Operating Principal) and/or any previously-trained manager must attend any refresher or follow-up training that we designate. We will not charge you a fee for this training, however, you may incur out-of-pocket costs in attending same.

Training for replacement managers or employees is required and provided on the same terms as the initial training provided to you, except that there may be a fee. Training for replacement managers will occur at a time we schedule on a space-available basis, and may not be available immediately after the replacement manager (or employee) is hired. You will be responsible for all expenses incurred by you and your employees in connection with attending all training programs, including the cost of transportation, lodging, meals and wages.

Training for transferees of your franchised business is required and provided on the same terms as the initial training provided to you, except that there may be a fee. Training for transferees will occur at a time we schedule on a space-available basis, but must be completed before the transfer takes place.

You must pay for all travel, lodging, and meal expenses if we or any personnel from any of our Approved Brands must travel to you for any additional trainings beyond the Initial Training. You must also pay travel, lodging, and meal expenses for trainees and any compensation or benefits due trainees during initial training, or during any regional or national conferences, or any additional or refresher training.

## Site Selection - Ghost Kitchen Business

If you have not selected a site when you sign your Franchise Agreement, we will approve a Territory within which you can locate a site for your business. We will assist you in evaluating proposed sites based on information that you provide to us and on other information that we deem relevant. The factors that we consider relevant are square footage, a storefront location, accessibility for delivery drivers and traffic patterns. We may, but we are not required to, visit proposed sites with you. We will approve or disapprove a proposed site within 30 days after you propose it in writing with appropriate documentation as stated in our manuals. If we disapprove a site, you must locate another site. If you do not, we may terminate the Franchise Agreement.

We must approve your site before you open your Ghost Kitchen Business franchise. You must open for business within 270 days after signing your Franchise Agreement, subject to our opening schedule availability. If you are delayed from opening within the 270 days, you must provide us with a written request to delay opening. Your request must state: (1) that a delay is anticipated; (2) the reasons that caused the delay; (3) the efforts that you are making to proceed with the opening; and (4) an anticipated opening date. In considering the request, we will not unreasonably withhold our consent to delay, up to a maximum of 180 days if you have been diligently pursuing the opening. If, for any reason (including your failure to locate a site acceptable to us), you do not open your business within one year (or any longer period to which we have consented), we may terminate your franchise without refunding any of the initial franchise fee.

## Opening Business

For a Ghost Kitchen Business, you are required to obtain a site and sign a lease (or a signed letter of intent if you're buying) within 60 days of the Effective Date. The maximum time to open, after the Effective Date, is 270 days. The typical length of time between the signing of a Franchise Agreement and the opening of a business is five (5) to six (6) months. Factors that may affect this time include your ability to obtain business licenses and permits, when you complete training, selecting a site, negotiating a lease, and completing any construction or renovation of your facility.

## **ITEM 12** **TERRITORY**

The specific location for each Kitchen granted shall be identified in the Franchise Agreement itself or an addendum, as the case may be, once a site has been approved. You will have the license to operate a Kitchen within your Territory.

The Approved Location of a single franchise with common restaurant brands than another franchise, will be at the center of the Territory, composed of a circle having the lesser of a 2-mile radius around your location or an area with a population of 30,000 people. We can, however, place other Ghost Kitchen with restaurant brands uncommon to yours, within your Territory. U.S Census data will be used to determine the population size by zip codes. The Approved Location of a single franchise in a metropolitan area will be at the center of a Territory composed of a circle having a diameter that Ghost Kitchen believes will not cause a material adverse effect on the Kitchen.

We grant you a franchise for a specific Approved Location within the Territory. The site may not be changed without our written approval and compliance with our relocation procedures, and you may not operate out of any site other than the approved site within the Territory without our written approval. We may allow you to move your site under the following conditions: the structure in which you are located is sold and/or slated for demolition; you find that you are able to negotiate a better lease elsewhere and are willing to relocate; or another condition that makes it impossible for you to retain your site.

All sales must be made from the approved site. You may not solicit business outside your Territory through other channels of distribution, such as the use of a toll-free number, direct mail, Internet website, social media platform or other advertising method without our prior written approval.

During the term of your franchise, your Territory may not be modified except by a written agreement between you and us. On renewal or transfer of your franchise, the Territory may be modified. Depending on the then-current demographics of the Territory, and on our then-current standards for territories, if the Territory is larger than our then-current standard Territory, we may require you or the transferee to accept a renewal Territory or a transfer Territory smaller than the Territory.

We cannot guarantee that Approved Brands that you operate in your Kitchen do not operate, now or in the future, a restaurant of their own within your Territory. Furthermore, you acknowledge and agree that some or all of the Brand Marks and Restaurant Brands that will be associated with your Kitchen may not be known or selected before you enter into this Agreement. In any such event, the Brand Marks and Restaurant Brands will be selected after you have entered into this Agreement and thereafter identified and made subject to the terms and conditions of this Agreement. You assume the risk, and shall not hold us or any other party liable, for any matter related to the ultimate selection of Brand Marks and Restaurant Brands associated with your Kitchen.

Except as discussed in this Item 12, our territorial rights restrict us from establishing or operating or granting any person other than you the right to establish or operate, a Ghost Kitchen Business at any physical location in your Territory. However, we and the Approved Brands in your Kitchen may: (a) at locations outside your Territory, including locations near the boundaries of your Territory, establish and operate, and grant others the right to establish and operate, a Ghost Kitchen Business or a restaurant from any of the Approved Brands you offer in your Kitchen; (b) at locations outside your Territory, establish and operate, and grant others the right to operate, businesses similar to the Ghost Kitchen Business or ones similar to any of the Approved Brands you operate in your Kitchen; (c) at any location, license the use of alternative proprietary marks or methods in connection with the operation of businesses that may be similar to or different from the Ghost Kitchen Business or any of the Approved Brands you include in your Kitchen; (d) use other channels of distribution, including the Internet; and (e) operate a Ghost Kitchen concept at any non-traditional location, such as an airport, college campus, sporting event, concert, stadium, hospital, military base, government office, convention center, highway rest stop, turnpike plaza, or similar location, within Your Territory. We are not required to pay you if we exercise any of these reserved rights. Currently, we do not operate or franchise, and do not have any plans to operate or franchise, any other businesses under alternative proprietary marks.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, from restaurants operated and/or owned by Approved Brands that you include in your Kitchen or from other channels of distribution or competitive brands that we control.

Regardless of any other rights you may have in the Territory, we maintain the right to service clients and sell services and products to anyone from anywhere within your Territory without compensation to you.

As a single-unit Ghost Kitchen Business franchisee, you do not receive the automatic right to acquire additional franchises.


### **ITEM 13** **TRADEMARKS**

We grant you the right to operate a business using our System, which is identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin (the “Marks”), as are designated by us in writing for use in connection with the System. Our right to use and license others to use the Marks is exercised pursuant to a ninety-nine (99) year intellectual property license agreement with our Affiliate, Ghost Kitchens Canada Inc. (the “IP Agreement”), which, if not renewed, ends on December 1, 2120, and which can be terminated upon thirty-days’ notice for a material breach. Under the IP Agreement, we are granted the right to use and to permit others to use the Marks. We have the right to license the use of the registered trademark to you for the term of the Franchise Agreement, including any extensions or renewals.

We also have a license agreement with all Approved Brands in our system to allow us and our franchisees to use their Mark in your franchise. We have the right to license the use of the registered trademarks owned by us and our Approved Brands to you for the term of the Franchise Agreement, including any extensions or renewals. The precise Approved Brands may change from time-to-time.

We do not currently have a federal registration for our logo on the cover page of this Disclosure Document, trade names, trademarks, service marks, logotypes and other commercial symbols. Some or all of the Approved Brands you select to operate in your Kitchen may not have a registered trademark. Therefore, our Approved Brands’ trade names, trademarks, service marks, logotypes and other commercial symbols do not have many legal benefits and rights as a federally-registered trademark. Additionally, our logo on the cover page of this Disclosure Document, trade names, trademarks, service marks, logotypes and other commercial symbols do not have many legal benefits and rights as a federally-registered trademark. If our right to use any of the brands or trademarks is challenged, you may have to change to an alternative trademark or brand, which may increase your expenses.

The following applications for registrations on the Principal Register of the United States Patent and Trademark Office have been filed:

Trademark	Application Date	Serial Number	Opposition Date
	October 22, 2020	90272019	N/A
GHOST KITCHENS	October 22, 2020	90271701	N/A

You must follow our rules when you use any of the Marks/brands, ours or our Approved Brands'. You cannot, under any circumstances, use any Mark with modifying words, designs or symbols, except for those which we license to you or have expressly approved in writing. You cannot modify a Mark in any way without our express written consent. You may not use any Mark in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us.

You may not, under any circumstances, use any of the Marks, including "Ghost Kitchen" or any of the Approved Brands' Marks in any manner, in the name of your corporation, limited liability company, partnership, or other legal entity.

In connection with the establishment of our trademarks, we operate a website for the promotion of the marks and Ghost Kitchen restaurants. This website lists the location, operating hours, and other facts regarding our Kitchens. You may not register any domain name nor operate any website that includes the terms "Ghost Kitchen" or any of the Approved Brands. You may request the establishment of a web page within the Ghost Kitchen website to include additional information specific to your franchised Ghost Kitchen restaurant. You may not use any electronic media, including the Internet, or any social media, for viewing by the public that contains our registered trademarks without our prior written approval. You may not establish a Facebook®, MySpace®, SnapChat®, TikTok®, or similar page, post through Instagram® or on YouTube®, or utilize other, similar social media, without our prior written approval. You may not establish a Twitter® feed or other social media without our prior, written approval.

The confidentiality provisions of the Franchise Agreement apply to all uses of electronic media.

Determinations

There is no currently effective determination of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court, or

any pending interference, opposition or cancellation proceeding, or any pending material litigation involving the above-described Marks which are relevant to your use of these Marks.

No currently effective material determinations or agreements limit our right to use or license the use of the trademarks listed in this section in a manner material to the franchise.

We do not know of any pending material state or federal court litigation regarding our use or ownership rights in the trademarks.

### Protection of Rights

You must notify us immediately when you learn about an infringement of or challenge to your use of our trademarks or any of the Approved Brands' Marks. We will take the action we think is appropriate in these situations, and we have exclusive control over any settlement or proceeding concerning any Mark owned by us but we have no such control over the Marks from the Approved Brands. You must take actions that, in the opinion of our counsel, may be advisable to protect and maintain our interests in any proceeding or to otherwise protect and maintain our interests in the Marks. While we are not required to defend you against a claim arising from your use of our Marks, we will indemnify and hold you harmless from all of your expenses reasonably incurred in any legal proceeding disputing your authorized use of any Mark in accordance with the Franchise Agreement and the Operations Manual, but only if you notify us of the proceeding in a timely manner and you have complied with our directions with regard to the proceeding. We have the right to control the defense and settlement of any proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel and for expenses in removing signage or discontinuing your use of any Mark. We will not reimburse you for disputes where we challenge your use of a Mark.

You must promptly notify us in writing of any claim, demand, or suit against you or your principals in connection with your use of the Marks we own or one that are owned by our Approved Brands. We have the right to select legal counsel and to control the proceedings. In certain cases, as described in Section 8.5 of the Franchise Agreement, we will indemnify and hold you harmless.

### Modification of Trademarks

You must modify or discontinue the use of a trademark if we modify or discontinue it at your own cost. Because your telephone listings and email addresses will be associated with our trademarks, we will own all rights to the telephone listings, and all goodwill generated from the use of the telephone listings will inure to our benefit.

We may acquire or develop additional trademarks, and may use those trademarks ourselves, make those trademarks available for use by you and other Ghost Kitchen franchisees or make those trademarks available for use by other persons or entities. You may not directly or indirectly contest our rights in our trademarks or marks owned by our Approved Brands. We may require you to use and display a notice in a form we approve that you are a franchisee under the System using the trademarks under a Franchise Agreement.

You may not directly or indirectly contest our rights to our or our Approved Brands' trademarks, trade secrets or business techniques that are part of our business.

#### Superior Prior Rights or Infringing Uses

We do not know of any superior rights of infringing uses that could materially affect your use of our principal trademarks or marks owned by our Approved Brands.

### **ITEM 14** **PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

#### Patents

No patents are material to the franchise.

#### Copyrights

We have not registered any copyrights with the United States Copyright Office (Library of Congress), but various marketing, sales, training, management, and other materials that we have created are and will be protected under the U.S. Copyright Act, whether or not we have obtained registrations. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for the purpose of promoting your franchised business.

There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving the copyrighted materials that are relevant to their use by our franchisees.

There are no agreements currently in effect that significantly limit our right to use or license the use of our copyrighted materials in any manner material to the franchise. All of the provisions in Item 13 under the heading "Protection of Rights" also apply to copyrights; provided, however, that you must modify or discontinue use of any subject matter covered by a copyright if directed by us.

We do not know of any superior rights in or any infringing uses of our copyrighted materials that could materially affect your use of the copyrighted materials.

#### Proprietary Information

We have proprietary, copyrighted manuals that include guidelines, standards and policies for the operation of your business, and other proprietary, copyrighted materials. Item 11 and Exhibit E to this Franchise Disclosure Document describe the manuals and the manner in which you may use them. All proprietary manuals and materials provided to you are for your exclusive use during the term of the franchise, and may not be reproduced, copied, loaned to, used by or shown to any person outside the System without our permission.

Each Operating Principal, manager, supervisory employee, independent contractor, or other person attending initial training must sign an agreement in which he or she agrees to the confidentiality of the System, agrees not to use any information about the system for his or her own benefit, and agrees not to compete in certain respects with your business and other franchisees' businesses. Each of these persons must sign the confidentiality agreement (see Exhibit E to the Franchise Agreement), before you grant him or her access to our manuals or any other confidential information.

**ITEM 15**  
**OBLIGATION TO PARTICIPATE IN THE**  
**ACTUAL OPERATION OF THE FRANCHISED BUSINESS**

We strongly believe that the success of your franchised business will depend to a large extent on your personal and continued efforts, supervision and attention. If you are an individual, you or a trained manager must personally manage the franchised business at all times. You and your manager, if any, must attend and successfully complete initial training.

If you are a legal entity, you must designate a managing shareholder, partner, or member ("Operating Principal"). If you are a legal entity, your Operating Principal or a trained manager must personally manage the franchised business at all times. Your Operating Principal and your manager, if any, must attend and successfully complete initial training.

Any replacement manager must attend and successfully complete initial training. Neither an original manager nor a replacement manager needs to have an equity interest in the franchised business. Each Operating Principal, manager, supervisory employee, independent contractor, or other person attending initial training must sign an agreement in which he or she agrees to the confidentiality of System, agrees not to use any information about the system for his or her own benefit, and agrees not to compete in certain respects with your business and other franchisees' businesses Each of these persons must sign the confidentiality agreement (see Exhibit E to the Franchise Agreement), before you grant him or her access to our manuals or any other confidential information.

If you are a legal entity, each shareholder, principal officer, partner, or member must personally guarantee your obligations under the Franchise Agreement and also agree to be personally bound by, and personally liable for breach of, the Franchise Agreement (see Exhibit C to the Franchise Agreement).

**ITEM 16**  
**RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must offer for sale and sell only services and products that we have approved or authorized. You may not offer for sale or sell services or products that would detract from or be inconsistent with the System. You may use services or products not purchased from us, but those services or products must be of comparable quality and must be approved by us in writing before use to ensure maintenance of proper quality standards. You may not use or permit the use of your premises for any other purpose or activity at any time without first obtaining our written consent.



You must offer for sale all approved services and products from all Approved Brands including all menu items that we designate and provide to you, for each Approved Brand; must not deviate from our specifications for the approved services and products without our written consent; and must discontinue offering any items that we disapprove in writing.

We may change the types of services and products that we approve or authorize, if the services and products are compatible with the System. There are no other limits on our right to make these changes.

You are not restricted in the customers to whom you may sell approved services or products or the prices the services are rendered or products are sold. However, all sales must occur at or from your Kitchen. You may not solicit business outside your site through the use of a toll-free number, direct mail, Internet website or other advertising method without our prior written approval.

**ITEM 17**  
**RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

**This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Franchise Disclosure Document.**

**THE FRANCHISE RELATIONSHIP**

<b>Provision</b>	<b>Section in Franchise Agreement or Other Agreement</b>	<b>Summary</b>
a. Length of the franchise term	Franchise Agreement (“FA”): Section 4.6.1	Ten (10) years from the Effective Date of the Franchise Agreement.
b. Renewal or extension of the term	FA: Section 4.6.2	If you are in good standing, and have met the conditions set forth in row (c), below, you have the right to renew the Franchise Agreement for three (3) successive Five (5) year terms (or the length of your then-current lease term, whichever is shorter).

c.	Requirements for you to renew or extend	FA: Section 4.6.2	Good standing; timely advance notice; sign new Franchise Agreement that may contain materially different terms and conditions than the Franchise Agreement in this Disclosure Document; be current in payments; sign release; and modernize Kitchen to meet then-current standards.
d.	Termination by you	Not Applicable	
e.	Termination by us without cause	Not Applicable	
f.	Termination by us with cause	FA: Section 10.2	We can terminate only if you default.
g.	“Cause” defined – curable defaults	FA: Section 10.2.2	You have 30 days to cure noticed curable defaults other than for non-payment of fees. You have five (5) days to cure non-payment of fees.
h.	“Cause” defined – non-curable defaults	FA: Section 10.2.1	Non-curable defaults include misuse of trademarks; breach of non-competition; unauthorized assignment or transfer of any rights of the Franchise Agreement; material misrepresentation; lack of prior consent when required; abandonment; repeated defaults even if cured; threat to public health or safety; bankruptcy; plead guilty or no contest to or conviction of a felony. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. § 1101, <i>et seq.</i> ).
i.	Your obligations on expiration, termination or non-renewal	FA: Section 10.3	Obligations include final accounting, complete de-identification, our option to purchase assets, our option to assume your real estate lease (if any), and payment of amounts due. See row (r) below.

j.	Our transfer of Franchise Agreement	FA: Section 9.1	No restriction on our right to assign.
k.	“Transfer” by you – definition	FA: Section 9.2	Includes transfer of contract or assets, or any change of ownership.
l.	Our approval of your transfer	FA: Section 9.3	We have the right to approve all transfers.
m.	Conditions for our approval of transfer	FA: Section 9.3	New franchisee qualifies, payment of all of your outstanding debts to us, cure of any defaults, then-current agreement signed by new franchisee or assumption of existing agreement, transfer fee paid; training completed; and release signed by you and your Related Parties.
n.	Our right of first refusal to acquire your business	FA: Section 9.4	We or our designee can match any offer for your business.
o.	Our option to purchase your business	FA: Section 9.4	We or our designee may, but are not required to, purchase your inventory and equipment at the lesser of the fair market value or depreciated value, if franchise is terminated for any reason.
p.	Your death or disability	FA: Section 9.5	Heirs or beneficiaries must demonstrate within 90 days ability to operate franchise. Otherwise, franchise must be assigned by estate to approved buyer within six (6) months.
q.	Non-competition covenants during the term of the franchise	FA: Section 8.6.1	No competing business during the Term.
r.	Non-competition covenants after the franchise expires, is terminated, or is not renewed	FA: Sections 8.6.2 and 10.3	No competing business for two (2) years: (i) at the Approved Location, (ii) within 25 miles of the Approved location, or (iii) within 25 miles of another Ghost Kitchen restaurant (including after assignment).
s.	Modification of the Franchise Agreement	FA: Section 11.4	No modification, generally, unless on consent of both parties, but Operations Manual subject to change.

t. Integration/merger clause	FA: Section 11.6	Only the terms of the Franchise Agreement are binding (subject to this Disclosure Document and applicable state law). Any other promises may not be enforceable.
u. Dispute resolution by arbitration or mediation	FA: Sections 11.7 and 11.8	Except for certain claims, claims must first be mediated prior to arbitration or litigation. All disputes must be litigated in Delaware. The arbitration will occur with each respective party paying their own costs.
v. Choice of forum	FA: Section 11.2.2	Arbitration or Mediation in New Castle County, Delaware, or, if litigated, the Superior Court of New Castle County, Delaware, the Court of Chancery of New Castle County, Delaware, or United States District Court for the District of Delaware, subject to applicable state law.
w. Choice of law	FA: Section 11.2.1	Delaware law applies, subject to applicable state law.

**ITEM 18**  
**PUBLIC FIGURES**

We do not use any public figures to promote any Ghost Kitchen Business.

**ITEM 19**  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised Kitchens. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing Kitchen, however, we may provide you with the actual records of that

Kitchen. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Massimo Noja De Marco at 2150 Chili Avenue, Rochester, New York 14264, massimo@ghostkitchenbrands.com and 416-624-4405, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20**  
**RESTAURANTS AND FRANCHISEE INFORMATION**

**Table 1**  
**Systemwide Kitchen Summary for Years 2020 to 2022**

Kitchen Type	Year	Kitchen at Start of Year	Kitchen at End of Year	Net Change
Franchised	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Kitchens	2020	0	0	0
	2021	0	0	0
	2022	0	0	0

**Table 2**  
**Transfers of Kitchens From Franchisees to New Owners  
(Other than Franchisor) for Years 2020 to 2022**

State	Year	Number of Transfers
Total	2020	0
	2021	0
	2022	0

**Table 3**  
**Status of Franchised Kitchens for Years 2020 to 2022**

State	Year	Restaurants at Start of Year	Restaurants Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations	Restaurants at End of Year
Total	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

**Table 4**  
**Status of Company-Owned Kitchens For Years 2020 to 2022**

State	Year	Kitchens at Start of Year	Kitchens Opened	Kitchens Re-Acquired from Franchisees	Kitchens Closed	Kitchens Sold to Franchisees	Restaurants at End of Year
All States	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0

	2022	0	0	0	0	0	0
<b>Total</b>	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

**Table 5**  
**Projected Openings as of December 31, 2022**

<b>State</b>	<b>Franchise Agreements Signed But Kitchen Not Opened as of December 31, 2022</b>	<b>Projected New Franchised Kitchens as of December 31, 2022 (in 2023)</b>	<b>Projected New Company-Owned Kitchens as of December 31, 2022 (in 2023)</b>
California	0	0	0
Colorado	0	0	0
Georgia	0	0	0
Illinois	0	0	0
New Jersey	0	0	0
New York	0	0	2
Pennsylvania	0	0	0
Texas	0	1	0
<b>Total</b>	<b>0</b>	<b>1</b>	<b>2</b>

Attached as Exhibit D to this disclosure document is a list of the names, addresses and telephone numbers of our current franchised businesses. Also attached as Exhibit D to this disclosure document is a list of the names and city, state and last known business telephone number, of every franchisee who had an outlet terminated, canceled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the previous fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Please note that Exhibit D is current as of the issuance date of this Disclosure Document, while the tables above reflect the status of our outlets at the end of our prior fiscal year. Any discrepancies between Exhibit D and the Item 20 tables are due to events that have occurred in the intervening period.

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses with us that would restrict them from speaking openly with you about their experience with us.

**There are no trademark-specific franchisee organizations associated with our franchise system.**

**ITEM 21**  
**FINANCIAL STATEMENTS**

**We have not been in business for three years or more, and therefore cannot include all financial statements required by the Franchise Rule of the Federal Trade Commission.** Exhibit C to this Franchise Disclosure Document includes our audited financial statements, as of December 31, 2022.

**ITEM 22**  
**CONTRACTS**

Copies of all proposed agreements regarding the Ghost Kitchen franchise offering are included in Exhibit A. These include:

The Franchise Agreement and the following exhibits:

- Exhibit A – Franchise Data Sheet
- Exhibit B – Statement of Ownership
- Exhibit C – Principal Owner’s Guaranty
- Exhibit D – Sample Release Agreement,  
Waiver and Release of Claims
- Exhibit E – Nondisclosure, Nonsolicitation and  
Noncompetition Agreement
- Exhibit F – Sample Confidentiality Agreement
- Exhibit G – Sample Approval of Requested Assignment
- Exhibit H – Lease Addendum
- Exhibit I – ACH Payment Agreement
- Exhibit J – SBA Addendum

**ITEM 23**  
**RECEIPTS**

Exhibit J to this Franchise Disclosure Document includes detachable documents acknowledging your receipt of this disclosure document. Please sign one (1) copy of the receipt and return it to us at the following address:

Massimo Noja De Marco  
GKA Franchising Inc.  
2150 Chili Avenue  
Rochester, New York 14264  
massimo@ghostkitchenbrands.com

The duplicate receipt is for your records.

**EXHIBIT A TO GKA FRANCHISING INC.  
FRANCHISE DISCLOSURE DOCUMENT**



**GHOSH KITCHENS FRANCHISE AGREEMENT**

Franchise Owner: \_\_\_\_\_  
Date: \_\_\_\_\_  
Franchise Location: \_\_\_\_\_



## **GHOST KITCHENS FRANCHISE AGREEMENT**

### **1. PARTIES**

**THIS FRANCHISE AGREEMENT** (the “Agreement”) is made and entered into on \_\_\_\_\_ (the “Effective Date”), by and between GKA Franchising Inc., a Delaware limited liability company, with its principal place of business at 2150 Chili Avenue, Rochester, New York 14264 (“Ghost Kitchen”, “Franchisor”, “we”, “us”, or “our”), and \_\_\_\_\_, located at \_\_\_\_\_ (collectively, “You” or “Franchisee”).

### **2. RECITALS**

#### **2.1 Ownership of the System**

Ghost Kitchen has the right to license You certain intellectual property rights, trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited to, the Ghost Kitchen trademarks, the words “Ghost Kitchen.” Ghost Kitchen has spent a considerable amount of time, effort, and money to construct, and continues to develop, use, and control business methods, technical knowledge, marketing concepts, trade secrets, purchasing arrangements, commercial ideas, advertising materials, marketing strategies, information on sources of supply, administrative procedures, business forms, distinctive signs, trade dress, architectural designs and uniforms, and employee training techniques that, taken together, make up a proprietary system for the operation of Kitchen (the “System”).

#### **2.2 Objectives of Parties**

You desire to enter into the business of operating a Ghost Kitchen restaurant under the System using the Trade Name and Marks (as those are defined in Sections 3.11 and 3.17, below), and You wish to obtain from Ghost Kitchen, and Ghost Kitchen wishes to grant to You, a franchise for that purpose.

### **3. DEFINITIONS**

#### **3.1 Brand Fund**

“Brand Fund” means a fund established by Ghost Kitchen for purposes of increasing brand awareness and national advertising.

#### **3.2 Approved Location**

“Approved Location” means the street address of the physical location approved in writing by Ghost Kitchen for the operation of the Ghost Kitchen restaurant, You will operate under this Agreement, which shall be set forth in Exhibit A to this Agreement.

### **3.3 Exclusive Territory**

“Exclusive Territory” or “Territory” means the area set forth in Exhibit A of this Agreement.

### **3.4 Ghost Kitchen**

“Ghost Kitchen”, “GKA Franchising Inc.”, “Ghost Kitchen restaurant” or the “Kitchen” or the “Franchise Business” means the single “Ghost Kitchen” business that Ghost Kitchen authorized You to conduct under the Trade Name, Marks, and System within the Exclusive Territory, at the Approved Location, under this Agreement that prepares and serves food, mostly for delivery, dine-in, or take-out, from a variety of restaurant brands approved by franchisor, from one single kitchen.

### **3.5 Expiration**

“Expiration” means expiration of the Term of this Agreement, the non-renewal of this Agreement.

### **3.6 Franchise Network**

“Franchise Network” means the interdependent network composed of Ghost Kitchen restaurants, all Ghost Kitchen franchisees, Ghost Kitchen’s Related Parties, any other persons or business entities that Ghost Kitchen has licensed to use the Trade Name, Marks, System, or any of them.

### **3.7 Good Standing**

“Good Standing” means timely compliance by You and Your Related Parties with all provisions of this Agreement and the Manual, specifically including provisions for timely payment of amounts You owe to Ghost Kitchen and its Related Parties.

### **3.8 Gross Revenues**

“Gross Revenues” means the total selling price of all services and products sold including the total sales from all Approved Brands at or from your Ghost Kitchen Business (not adjusted for credit card fees), including the full value of any gift certificate redeemed at your Ghost Kitchen Business or coupon sold for use at your Ghost Kitchen Business (fees retained by or paid to third-party sellers of such gift certificates or coupons are not excluded from calculation), and all income and revenue of every other kind and nature related to the Ghost Kitchen Business operation, whether for cash or credit.

### **3.9 Manual**

“Manual” means the confidential Operations Manual and all other manuals that Ghost Kitchen will lend to You, or authorize You to use, during the term of this Agreement and that contains information, forms and requirements for the establishment and operation of the Ghost Kitchen restaurant, and for use of Ghost Kitchen’s Trade Name and Marks, along with communications from Ghost Kitchen to You, including, but not limited to, bulletins, e-mails, and text messages.

### **3.10 Marks**

“Marks” means selected trademarks, service marks, trade dress, logotypes, slogans, and other commercial symbols licensed by Ghost Kitchen to You under this Agreement and Marks from Approved Brands that are licensed to us to be used by you at your Ghost Kitchen.

### **3.11 Operating Principal**

“Operating Principal” means the managing shareholder, partner, or member that You must designate if you are a legal entity.

### **3.12 Proprietary Service**

“Proprietary Service” means any product or service that is composed of or in accordance with Ghost Kitchen’s specifications or that bears or has been labeled with any of the Marks.

### **3.13 Related Party**

“Related Party” or “Related Parties” means persons and companies affiliated with Ghost Kitchen or You, as the context indicates, including, but not limited to, owners (as defined herein), general partners, limited partners, shareholders, or members, owning an interest in (i) Ghost Kitchen or in You; (ii) corporations or limited liability companies in which Ghost Kitchen or You have an interest; (iii) corporations or limited liability companies in which any person or entity owning an interest in You also has an interest; or (iv) officers, directors, members, or agents of Ghost Kitchen or of You

### **3.14 Termination**

“Termination” means the termination of this Agreement under the circumstances described in Section 10 of this Agreement before the expiration of the Term.

### **3.15 Transfer**

“Transfer” means any direct or indirect transfer, pledge, encumbrance, sale, gift, hypothecation, mortgage, sublicense, transfer through bequest or inheritance, transfer in trust, divorce or by operation of law or by any other means, or disposition of (i) any of the rights granted under this Agreement (ii) any part of this Agreement, (in) any rights or privileges incidental to this Agreement, (iv) the Kitchen or any interest therein, or (v) any ownership interest in you, including, without limitation, any arrangement whereby you sell or pledge accounts receivable or any other assets of the Franchised Business (each a “Transfer”). Without limiting the foregoing, the term “Transfer” includes any sale, resale, pledge, encumbrance transfer or assignment of: (a) any fractional partnership ownership interest if You are a partnership (b) any membership interest in you if you are a limited liability company and (c) any beneficial or economic ownership interest in you, any transfer of any fractional portion of your voting stock, or any increase in the number of outstanding shares of your voting stock which results in a change of ownership, if you are a corporation.

### **3.16 Trade Name**

“Trade Name” means the commercial names Ghost Kitchen, individually or collectively.

### **3.17 You**

“You” means the person or entity that is named as “You” in Section 1 of this Agreement. In addition, “You” means all persons or entities that succeed to Your interest by Transfer, other transfer, or operation of law.

### **3.18 Approved Brand**

“Approved Brand” means one or more restaurant brands that are officially licensed to Franchisor by each restaurant brand and are approved to be offered and their menu items to be sold at your Ghost Kitchen.

**NOW, THEREFORE**, the parties agree as follows:

## **4. GRANT OF FRANCHISE**

### **4.1 Granting Clause**

Ghost Kitchen grants to You the right and You hereby undertake the obligation upon the terms and conditions set forth in this Agreement: (a) to establish the Ghost Kitchen restaurant at the Approved Location that includes the provision of such products and services as designated by Ghost Kitchen, and (b) to use solely in connection therewith the Trade Name, Marks, and System, as they may be changed, improved and further developed from time-to-time. You shall not engage in any other business at the Approved Location without the prior written consent of Ghost Kitchen.

### **4.2 Location**

If you have not secured an Approved Location as of the Effective Date, You shall, at your sole cost and expense, secure an approved site for the Ghost Kitchen restaurant in accordance with Section 7.2 of this Agreement. It is your sole responsibility to locate and purchase and/or lease a suitable site for the Ghost Kitchen restaurant. You may not establish any other business at the Approved Location. You may not sublease space at the Approved Location to a third-party without our prior written consent. You may not market to customers outside of Your Exclusive Territory or engage in mail order, Internet, or any other sales except with Ghost Kitchen’s express written approval and as part of Ghost Kitchen’s coordinated marketing effort.

### **4.3 Exclusive Territory**

During the term of this Agreement, and except as otherwise provided in this Agreement, Ghost Kitchen agrees that it shall not establish, nor license any other person to establish another Ghost Kitchen restaurant at any location within Your Exclusive Territory. We can, however, place other Ghost Kitchens with restaurant brands uncommon to yours, within your Exclusive Territory.

The Exclusive Territory only applies to Ghost Kitchens with at least one common restaurant brand to yours. Except as set forth in this Section 4.3, You have no exclusivity. You have no right to exclude development of concepts owned, franchised, or licensed by Ghost Kitchen or its affiliates.

#### **4.4 Rights Reserved**

Ghost Kitchen retains all rights that are not expressly granted to you under this Agreement. Without limiting this broad retention, and without granting You any rights therein, Ghost Kitchen shall have the right to:

- (a) Operate a Ghost Kitchen concept at a trade show booth, or similar temporary location, within Your Exclusive Territory for up to fifteen (15) consecutive days;
- (b) Offer Ghost Kitchen franchises to others for any site outside Your Exclusive Territory regardless of how close the site is to Your Exclusive Territory;
- (c) Sell, rent and distribute any Proprietary Services directly or indirectly, and/or license others to sell and distribute, any Proprietary Services, directly or indirectly, from any location to any purchaser (including, but not limited to, sales made to purchasers in the Exclusive Territory through retail establishments, mail order, independent distributors, wholesale distribution, phone order, and on the Internet, and/or sales to delivery customers), except that Ghost Kitchen shall not do so from a Ghost Kitchen restaurant inside the Exclusive Territory;
- (d) Develop, operate, and franchise others to operate, any business concept except a Ghost Kitchen restaurant at any place, including within the Exclusive Territory, and use the Marks or any other trademarks owned, licensed, or developed by Ghost Kitchen or its Affiliates in connection with those concepts, even if such concepts sell products and services similar to, the same as or competitive with, the Proprietary Services;
- (e) In its sole discretion, approve or disprove other franchisees' requests to purchase local advertising that penetrates Your Exclusive Territory; and
- (f) Merge with, acquire or be acquired by, any business of any kind under other systems and/or other marks, which business may offer, sell, operate or distribute and/or license others to offer, sell, operate and distribute goods and services through franchised or non-franchised businesses, at wholesale or retail, within and outside the Exclusive Territory.
- (g) Place other Ghost Kitchen franchises, company owned or affiliate units with restaurant brands uncommon to yours, within your Exclusive Territory.

## **4.5 Relocation**

At Ghost Kitchen's option, You may relocate the Ghost Kitchen restaurant, with Ghost Kitchen's prior written consent, if all of the following conditions are met:

- (a) You and Your Related Parties are in Good Standing under this Agreement and any other Agreement between Ghost Kitchen and You, and You and Your Related Parties are in compliance with all provisions of the Manual;
- (b) You and any of Your Related Parties that have signed this Agreement have agreed to cancel this Agreement and execute a new Franchise Agreement in the form that is currently effective at the time of relocation (with a term equal to the then-remaining term of this Agreement);
- (c) You have secured a site that is not located in another Ghost Kitchen franchisee's Exclusive Territory, and which meets our then-current size and demographic requirements and, if you are leasing the space, you have submitted the proposed lease agreement for our review and paid a Lease Review Fee;
- (d) You agree to equip and furnish Your new Ghost Kitchen restaurant so that the Kitchen meets the standards of appearance and function applicable to new Ghost Kitchen restaurants at the time of relocation;
- (e) You and Your Related Parties that are parties to this Agreement shall have executed a general release, in a form satisfactory to Ghost Kitchen, of any and all claims against Ghost Kitchen and its Related Parties, affiliates, successors and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants and employees in their corporate and individual capacities, including, without limitation, claims arising under this Agreement, any other agreement between You and Ghost Kitchen or its affiliates, and federal, state, and local laws and rules; and
- (f) You may cease to operate the Ghost Kitchen restaurant for no more than one (1) day only for the purposes of moving all equipment from the old Approved Location to the new approved location for the Ghost Kitchen restaurant.

## **4.6 Term and Renewal**

### **4.6.1 Initial Term**

Except as otherwise provided herein the initial term of this Agreement shall commence on the Effective Date and shall expire on the date that is ten (10) years from the Effective Date (the "Term Expiration Date").

#### **4.6.2 Renewal**

You shall have the option to renew this Agreement for up to three (3), successive renewal terms (each a “Renewal Term”), with such Renewal Term being for a period of Five (5) years, or for the remainder of Your then-current lease term, whichever is shorter, subject to your satisfaction of the following conditions, all of which shall be met before each renewal:

- (a) You and Your Related Parties are in Good Standing under this Agreement, and any other Agreement between Ghost Kitchen and You, and You and Your Related Parties are in compliance with the Manual;
- (b) You shall give Ghost Kitchen written notice of Your election to renew not less than six (6) months nor more than twelve (12) months prior to the end of the then-current term;
- (c) You and any Related Parties that have signed this Agreement shall have signed a copy of the then-current Franchise Agreement (except with respect to the renewal provisions thereof, which shall not supersede this Section 4.6.2) not less than thirty (30) days before the expiration of the then-current term, or thirty (30) days after You receive a signature-ready copy of the then-current Franchise Agreement from Ghost Kitchen, whichever is later;
- (d) You shall have, before the beginning of the renewal term, at Your own expense, modernized the Ghost Kitchen restaurant and replaced and modernized the equipment, and the signs used in the Ghost Kitchen restaurant as Ghost Kitchen may require, in order for the Ghost Kitchen restaurant to meet the then-current standards of appearance and function at the time of renewal;
- (e) You and Your Related Parties that are parties to this Agreement shall have executed a general release, in a form satisfactory to Ghost Kitchen, of any and all claims against Ghost Kitchen and its Related Parties, affiliates, successors, and assigns and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities, including, without limitation, claims arising under this Agreement, any other agreement between You and Ghost Kitchen or its affiliates, and federal, state, and local laws and rules; and
- (f) You must submit a copy of the proposed lease agreement for the Premises You will occupy during the Renewal Term to Ghost Kitchen for review and approval at least forty-five (45) days before the end of the then-current term.

The provisions of the standard Franchise Agreement in use by Ghost Kitchen at the time of renewal may be materially different than those contained in this Agreement, including, but not limited to, provisions for increased royalties, advertising, and other fees. You hereby acknowledge and agree that Your right to renew this Agreement shall be contingent upon Your execution of the then-current form of Franchise Agreement and acceptance of the new provisions.

## **5. SERVICES TO FRANCHISEE**

Ghost Kitchen agrees to perform the following services for You provided that You are, at the time when service is to be rendered, in Good Standing under this Agreement, any other agreement with Ghost Kitchen, and You are in compliance with the Manual.

### **5.1 Kitchen Layout and Interior Decoration**

Ghost Kitchen will make available prototype or sample plans and specifications for one or more existing Ghost Kitchen restaurant. You shall, at your own expense, tailor the plans and specifications provided by Ghost Kitchen for Your individual use and then submit the customized plans and specifications to Ghost Kitchen for written approval, which will not be unreasonably withheld.

Ghost Kitchen's approval shall be limited to conformance with Ghost Kitchen's prototype and sample plans, and shall not relate to Your obligations with respect to any federal, state or local laws, or codes and regulations, including the applicable provisions of the Americans with Disabilities Act (the "ADA"), regarding the construction, design and operation of the Ghost Kitchen restaurant, which subjects shall be Your sole responsibility.

You shall comply with all federal, state and local laws, and codes and regulations, including the applicable provisions of the ADA regarding the construction, design and operation of the Ghost Kitchen restaurant. You are responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances, or regulations, or which may be necessary or advisable owing to any restrictive covenants relating to Your location. After having obtained such approvals and clearances, You shall obtain all permits and certifications required for the lawful construction and operation of the Ghost Kitchen restaurant.

### **5.2 Training**

#### **5.2.1 Initial Training**

Before the opening of Your Ghost Kitchen restaurant, Ghost Kitchen will conduct an initial training program concerning the operation of the Ghost Kitchen restaurant under the Ghost Kitchen System for Your Operating Principal and manager, if any, if you are a legal entity, or You and your manager, if any, if you are an individual, and up to two (2) additional Kitchen staff. Additional persons may attend initial training for a fee of up to \$250 each, per day. A portion of the training will be conducted at our headquarters in Toronto, Ontario or a location of our choice and the other portion will be conducted by Approved Brands' personnel at your Ghost Kitchen prior to Grand Opening. You or Your Operating Principal (if you are a corporate entity) and/or manager, if any, shall attend and successfully complete the initial training program to the satisfaction of Ghost Kitchen before You may open the Ghost Kitchen restaurant.



### **5.2.2 Continuing Training**

In an effort to maintain brand standards and to protect and enhance the goodwill associated with the System and the Marks, Ghost Kitchen may offer ongoing training or education programs on matters related to the operation or promotion of the Ghost Kitchen restaurant on an optional or mandatory basis, as it deems appropriate, in its sole discretion. You shall attend and complete all such continuing education programs Ghost Kitchen requires. You shall be responsible for Your own expenses and those of Your employees who attend any such training or education programs. Ghost Kitchen may also require you to pay a fee for continuing training and education programs of its costs, plus an administrative fee. You must complete all education and training programs Ghost Kitchen designates to Ghost Kitchen's satisfaction.

### **5.3 Periodic Advisory Assistance**

Ghost Kitchen will, as it deems advisable, provide periodic advisory assistance to You concerning the operation and promotion of the Ghost Kitchen restaurant.

### **5.4 Manual**

Ghost Kitchen will lend You a Manual containing explicit instructions for use of the Marks, specifications for goods that will be used in or sold by the Ghost Kitchen restaurant, sample business forms, information on marketing, management, and administration methods developed by Ghost Kitchen for use in the Ghost Kitchen restaurant, names of approved suppliers, and other information that Ghost Kitchen believes may be necessary or helpful to You in Your operation of the Ghost Kitchen restaurant. Ghost Kitchen will revise the Manual periodically, at its discretion to conform to the changing needs of the Franchise Network and will distribute updated pages containing these revisions to You from time-to-time. Alternatively, and in lieu of a hard copy of the Manual, Ghost Kitchen may make available to You a Manual in electronic form that is accessible to you. Ghost Kitchen will notify You of any updates to the Manual. You shall be responsible for immediately downloading and complying with the revised Manual.

### **5.5 Advertising**

Ghost Kitchen may, but is not required to, provide you with electronic access to certain advertising materials, including in PDF format. These materials may include video and audiotapes, copy-ready print advertising materials, posters, banners and miscellaneous point-of-sale Items, and may be regional or national at Ghost Kitchen's sole discretion. Printing of any and all such materials shall be at your sole cost and expense. Ghost Kitchen reserves the right to change the format in which it provides these materials to you in the future.

### **5.6 Approved Suppliers**

Ghost Kitchen has the absolute right to limit the suppliers with whom you may deal. Ghost Kitchen will provide to You a list of the names and addresses of the approved suppliers who then-currently meet Ghost Kitchen's as well as our Approved Brands' standards and specifications in the Manual. Ghost Kitchen reserves the right to act as the only approved supplier for some or all of the

Approved Products and Services and products You will purchase for Your Ghost Kitchen restaurant. Ghost Kitchen reserves the right to charge a mark-up on any product or service sold to You. In advising You of suppliers who meet its standards and specifications, Ghost Kitchen expressly disclaims any warranties or representations as to the condition of the goods or services sold by the suppliers, including, without limitation, expressed or implied warranties as to merchantability or fitness for any intended purpose. You agree to look solely to the manufacturer or the supplier of equipment or services for the remedy for any defect in the goods or services. Ghost Kitchen reserves the right to change the list of approved suppliers from time-to-time, in its sole and absolute discretion.

Ghost Kitchen may receive payments and/or other compensation from approved suppliers in any form on account of such suppliers dealing with You and/or other franchisees, and Ghost Kitchen may use all amounts so received for any purpose Ghost Kitchen deems appropriate. You acknowledge and agree that Ghost Kitchen shall have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments, or benefits (collectively, "Allowances") offered by suppliers to You or to Ghost Kitchen or its affiliates based upon Your purchases of Proprietary Services, products and other goods and services. You assign to Ghost Kitchen or its designee all of Your right, title and interest in, and to any and all such Allowances, and authorize Ghost Kitchen or its designee to collect and retain any or all such Allowances without restriction.

Ghost Kitchen may, from time-to-time, revoke its approval of particular items, services, products or suppliers if Ghost Kitchen determines, in its sole and absolute discretion. Upon receipt of notice of such revocation, You shall cease to offer, sell or use any disapproved item, products or services and You shall immediately cease to purchase from any disapproved supplier.

## **6. PAYMENTS BY FRANCHISEE**

### **6.1 Initial Franchise Fee**

When You sign this Agreement, You shall pay Ghost Kitchen in cash or another form of payment that will make the funds immediately accessible to Ghost Kitchen, such as cashier's check or wire transfer, an initial franchise fee in the amount specified in Exhibit A hereto (the "Initial Franchise Fee").

### **6.2 Royalties**

On the Tuesday of each week during the term of this Agreement, You shall pay Us a continuing royalty fee in the amount of six percent (6%) of Gross Revenues for the week ending the immediately preceding Sunday.

### **6.3 Method and Application of Payments**

You shall pay your continuing weekly royalties (including minimum royalties), advertising fees, and all other fees you are required to pay to Ghost Kitchen, in accordance with the procedures designated by Ghost Kitchen, which procedures Ghost Kitchen has the discretion to change at any

time upon written notice to you. Payment of royalties and fees shall be made by electronic funds transfer or direct deposit.

At no time will You sell, encumber or assign any of Your revenue stream, which includes, but is not limited to, current or future customer charges, to any other party without the prior written consent of Ghost Kitchen.

Ghost Kitchen has the right to apply any payment it receives from You to any past due amount You owe to Ghost Kitchen regardless of how You indicate the payment is to be applied. Ghost Kitchen reserves the right to change the manner in which you pay any and all fees you are required to pay to Ghost Kitchen at any time upon written notice to you.

#### **6.4 When Payments Begin**

Your obligation to pay continuing weekly royalties and other fees begins on the date Your Kitchen opens for business, or nine (9) months from the Effective Date of this Agreement, whichever is sooner.

#### **6.5 Audit**

Ghost Kitchen has the right during normal working hours to audit Your books and records, including Your tax returns with respect to the Ghost Kitchen restaurant. If an audit discloses an underpayment of royalties, advertising, or other fees payable under this Agreement, You shall immediately pay these amounts to Ghost Kitchen, together with accrued interest on the amount underpaid in accordance with Section 6.9 of this Agreement. In addition, if the underpayment exceeds two percent (2%) of the total royalty, advertising, or other fee payable for any period covered under the audit, You shall reimburse Ghost Kitchen for all expenses actually incurred by Ghost Kitchen in connection with the audit, including reasonable attorneys' fees.

#### **6.6 Training Fees and Costs**

Ghost Kitchen will not charge a fee for the initial training program for Your Operating Principal, manager, if any, if you are a legal entity, or You and your manager, if any, if you are an individual and up to two (2) additional Kitchen staff. However, if additional persons are trained, Ghost Kitchen may charge a training fee of \$250 per person, per day. Ghost Kitchen may also charge a training fee for continuing education programs at cost plus an administrative fee determined by Ghost Kitchen for all training offered by Ghost Kitchen, You shall pay any costs of travel, lodging, meals and other incidental expenses that You and Your employees incur. You shall also pay for the cost of business class transportation, lodging, meals, and other incidental expenses incurred by Ghost Kitchen in connection with any training conducted at Your site.

#### **6.7 Consulting Fees and Costs**

In addition to the periodic advisory assistance described in Section 5.3, optional consulting services may be made available to You by Ghost Kitchen on a per hour fee basis, at a rate determined by Ghost Kitchen, plus reimbursement of direct costs. You shall promptly pay such

consulting fees and reimburse Ghost Kitchen for all incidental expenses incurred by Ghost Kitchen in rendering such consulting services, including, but not limited to, the cost of business class transportation, lodging, meals, and telephone, fax, and courier charges.

## **6.8 Transfer Fee**

You shall pay to Ghost Kitchen a transfer fee of fifty (50%) of the then-current franchise fee at the time of transfer, as a condition of, and prior to, any Transfer.

## **6.9 Interest on Late Payments**

Any payment not received by Ghost Kitchen when due will bear interest at one-and-one-half percent (1.5%) per month or at the highest rate allowed by applicable law on the date when payment is due, whichever is less. Interest charges on late payments are intended to partially compensate Ghost Kitchen for loss of use of the funds and for internal administrative costs resulting from late payment which would otherwise be difficult to measure precisely. The fact that such charges are imposed shall not be construed as a waiver of Ghost Kitchen right to timely payment.

## **6.10 Supplier and Product Evaluation Fee**

If You would like to use alternative supplier for a product or service to be used in or sold at Your Ghost Kitchen restaurant (except in instances where we have designated a sole supplier of any product, item, good, equipment service or supplies), You must submit a Supplier and Product Evaluation Form (as set forth in Section 7.3.3) and may be required to pay a Supplier and Product Evaluation Fee. The current Supplier and Product Evaluation Fee is seven hundred fifty dollars (\$750) for each alternative supplier request You submit to Us. If a fee is required, it is due and payable upon submission of an alternative supplier request. It is not refundable under any circumstances. We may grant or deny any such request in our sole and absolute discretion.

## **6.11 Priority of Payments**

All fees paid in accordance with this Section 6, inclusive, shall be paid on a preferred priority basis, before the payment of operating and capital expenditures, including, but not limited to, rent, vendors, suppliers, distributors, advertisers, salaries, commissions, and in advance of all distributions and remunerations by You to Your Operating Principal and/or Related Parties.

# **7. OBLIGATIONS OF FRANCHISEE**

## **7.1 Use of Trade Name and Marks**

### **7.1.1 Permitted Use**

You may use the Trade Name and Marks only in the operation of the Ghost Kitchen restaurant within the Exclusive Territory in accordance with the terms and conditions of this Agreement and subject to the limitations specified by Ghost Kitchen in the Manual or otherwise in writing. **You**

**shall not, under any circumstances, use the Trade Name or any of the Marks, including “Ghost Kitchen,” in any manner, in the name of your corporation, limited liability company, partnership or other legal entity.** You may not license any third party to use Ghost Kitchen’s Trade Name and Marks. You may not use the Trade Name or Marks on the internet, in any electronic advertising or social media, including but not limited to on Facebook®, Twitter®, Instagram®, YouTube® or other similar electronic advertising or social media without our prior written consent. You may not use any other trade name or marks at the Approved Location, or in connection with the Ghost Kitchen restaurant, without the express written consent and direction of Ghost Kitchen. You shall refrain from engaging in any action (or failing to take any action) that causes or could cause damage to the Marks, the System, or the goodwill associated with the Marks.

### **7.1.2 Changes in Trade Names and Marks**

Ghost Kitchen has invested substantial time, energy, and money in the promotion and protection of its Trade Name and Marks as they exist on the Effective Date. However, You and Ghost Kitchen recognize that rights in intangible property such as the Trade Name and Marks are often difficult to establish and defend, and that changes in the cultural and economic environment within which the System operates or third-party challenges to Ghost Kitchen rights in the Marks may make changes in the Trade Name and Marks desirable or necessary. Ghost Kitchen therefore reserves the right to change its Trade Name and Marks (although it has no present intention to do so) and the specifications for each when Ghost Kitchen believes that such changes will benefit the Franchise Network. Ghost Kitchen will do this in a manner that minimizes cost to You. You agree that You shall promptly conform, at Your own expense, to any such changes. If we discontinue our relationship with any of the Approved Brands which are included in your Ghost Kitchen, you shall promptly remove that brand and its menu offerings from your list of offerings and immediately remove all advertisements/branding (including listings with all delivery platforms) related to that Approved Brand. In this case, you will replace that with another Approved Brand without any additional Initial Franchise Fee.

### **7.1.3 Advertising Materials**

You agree to submit to Ghost Kitchen copies of all advertising materials that You propose to use at least thirty days before the first time they are broadcast or published. Ghost Kitchen will review the materials within a reasonable time and will promptly notify You in writing as to whether it approves or rejects them. Ghost Kitchen may not withhold its approval unreasonably. For purposes of this paragraph, advertising materials that differ from previously approved materials only in such variables as date or price will be considered to be previously approved. Even if Ghost Kitchen approves specified materials, it may later withdraw its approval in its sole and absolute discretion, including, without limitation, if it reasonably believes this is necessary to make the advertising conform to changes in the System or to correct unacceptable features of the advertising, including any misrepresentation in the advertising material.

### **7.1.4 Legal Protection**

You agree to notify Ghost Kitchen immediately in writing if You become aware of any unauthorized use of Ghost Kitchen’s Trade Name, Marks, or System. You shall promptly notify

Ghost Kitchen in writing of any claim, demand or suit against You or against Your principals. You shall promptly notify Ghost Kitchen in writing of any claim, demand or suit against You or against Your principals in connection with Your use of the Trade Name, Marks, or System. In any action or proceeding arising from or in connection with any such claim, demand, or suit, You agree that Ghost Kitchen may select legal counsel and has the right to control the proceedings. In certain cases, as described in Section 8.5 of this agreement, Ghost Kitchen will indemnify and hold You harmless.

## **7.2 Site Selection and Approval, Lease or Purchase of Location**

### **7.2.1 Site Selection**

You shall, on Your own initiative and at Your own expense, locate, obtain and occupy the site for the Ghost Kitchen restaurant. The site shall be a minimum of 1,500 square feet and shall meet minimum demographic/geographic requirements, as described in the Manual, which vary by region. The size of your site depends directly on how many Approved Brands you decide to operate out of your Kitchen. You need a larger space as you select more Approved Brands for your Kitchen. You are responsible for completing and submitting to Ghost Kitchen for review and approval the information and materials regarding your proposed site. Ghost Kitchen will issue its preliminary approval or disapproval of your proposed site within 30 days after Ghost Kitchen has received all of the information and materials. Ghost Kitchen may not withhold its approval unreasonably. Ghost Kitchen will not be deemed to have withheld its approval unreasonably if the proposed site fails to meet Ghost Kitchen's then-current standards and specifications, as Ghost Kitchen determines in its sole and absolute discretion. If, after your submission to Ghost Kitchen of the necessary documents, Ghost Kitchen issues an approval of your proposed site (the "Approved Location") you shall submit a copy of the proposed lease for the Approved Location before you sign the lease.

**You acknowledge and agree that our recommendation or approval of a particular site for the Ghost Kitchen restaurant, and any information communicated to you regarding our site-selection requirements or criteria, do not constitute a representation or warranty of any kind, express or implied, as to the suitability of the location or for any other purpose. By approving a particular site for the Ghost Kitchen restaurant, Ghost Kitchen does not guarantee that the Ghost Kitchen restaurant will be successful. You acknowledge that your selection of the site for the Ghost Kitchen restaurant is based on Your own independent investigation of the suitability of the site.**

If you do not locate an Approved Location and enter into a lease or purchase agreement for the Approved Location in accordance with paragraph 7.2.2 below within sixty (60) days of the Effective Date, Ghost Kitchen may terminate this Agreement. You hereby acknowledge that Ghost Kitchen will not refund the Initial Franchise Fee to You if You are unable to secure a satisfactory site.

### 7.2.2 Purchase or Lease of the Location

As stated above, You must lease, sublease or purchase the Approved Location within sixty (60) days of the Effective Date. If you fail to do so, we have the right to immediately terminate this Agreement. We have the right, but not the obligation, to review the business terms of any lease, sublease, lease renewal or purchase contract for the Approved Location before You sign it. You must include all of the provisions set forth in the Lease Rider attached to this Agreement as Exhibit H, along with any other provision we designate, in the lease agreement for the Approved Location. You shall not execute a lease, sublease, lease renewal or purchase agreement, or any modification to any lease, sublease or lease renewal, without first obtaining our written approval. If we disapprove of Your lease, sublease, lease renewal or purchase agreement, the Approved Location shall be deemed disapproved and you shall have no right to open or operate the Ghost Kitchen restaurant at such location. **You acknowledge that our approval of the lease, sublease, lease renewal or purchase contract, as applicable, does not constitute a warranty or representation of any kind, express or implied, as to its fairness, suitability, or for any other purpose.** You are strongly advised to seek legal counsel to review, negotiate and evaluate the proposed lease for the Approved Location on Your behalf. You shall provide us with a fully-executed copy of the lease, sublease, lease renewal or purchase contract within five (5) business days following the date such agreement is fully executed.

### 7.3 Quality Control

#### 7.3.1 Kitchen Construction and Opening

- (a) Plans and Specifications. Ghost Kitchen will provide you with its then-current generic, prototypical plans for a typical Ghost Kitchen restaurant, including a sample layout for the interior of a typical franchised location. You acknowledge that such plans and specifications shall not contain the requirements of any federal, state, or local law, code, or regulation (including, without limitation, those concerning the Americans with Disabilities Act (the “ADA”) or similar rules governing public accommodations or commercial facilities for persons with disabilities), nor shall such plans contain the requirements of, or be used for, construction drawings or other documentation necessary to obtain permits or authorization to build your Ghost Kitchen restaurant. It shall be Your sole and absolute responsibility to construct the Ghost Kitchen restaurant in accordance with all applicable laws, including the ADA and local laws, rules and regulations governing public accommodations.
- (b) Adaption of Plans and Specifications. You shall, at Your sole cost and expense, employ architects, designers, engineers or others as may be necessary to complete, adapt, modify or substitute the sample plans and specifications to Ghost Kitchen prior to commencing construction of the Ghost Kitchen restaurant. Ghost Kitchen will review such plans and specifications and will approve or provide comments on the plans and specifications to You.

- (c) Ghost Kitchen's Approval. You shall not commence construction of the Ghost Kitchen restaurant until Ghost Kitchen approves, in writing, the final plans and specifications to be used in constructing the Ghost Kitchen restaurant. Once the final plans are approved, You shall cause the Ghost Kitchen restaurant to be completed in full accordance therewith.
- (d) Alterations and Modifications. If Ghost Kitchen determines that the Ghost Kitchen restaurant is not being built, or was not built, in full accordance with the final plans, Ghost Kitchen shall have the right to require You to cause to be made all alterations or modifications of the Ghost Kitchen restaurant that Ghost Kitchen deems necessary. Ghost Kitchen may consult with You, to the extent Ghost Kitchen deems necessary, on the construction and equipping of the Ghost Kitchen restaurant, but it will be and remain Your sole responsibility to diligently design, construct, equip and otherwise ready and open the Ghost Kitchen restaurant.
- (e) Zoning and Permits. You shall be responsible, at your expense, for obtaining all zoning classifications, permits clearances, certificates of occupancy and Ghost Kitchen restaurant clearances which may be required by governmental authorities for the Ghost Kitchen restaurant.
- (f) Insurance Coverage. You shall obtain and maintain in force during the entire period of such construction, such insurance policies required under Your lease agreement, in addition to such policies and coverage amounts as Ghost Kitchen may designate in its sole discretion. Currently, you must have the following insurance at a minimum:
- Comprehensive general liability insurance with limits of at least \$1,000,000 per person per occurrence (and \$2,000,000 aggregate for bodily injury) and at least \$25,000 for property damage per occurrence;
  - Personal injury and advertising injury insurance with limits of at least \$1,000,000 per occurrence;
  - Employer Practices Liability insurance with limits of at least \$1,000,000;
  - An Umbrella Liability insurance policy with a limit of at least \$1,000,000;
  - “All risk” insurance on the premises, equipment and supplies, for loss or damage by fire, windstorm, flood, casualty, theft and other risk usually insured against by the owners or lessors of similar property, for at least 100% of the replacement cost of the property. Unless you obtain a written waiver from us, any Ghost Kitchen Business sustaining loss or damage must be repaired, restored, or rebuilt within 60 days after the date of the loss or damage;



- Automobile liability insurance on each vehicle used in the business within the minimum coverage limits as required by the law of the state or jurisdiction in which you are engaged in business; and
  - Worker’s compensation or similar insurance as required by the law of the state or jurisdiction in which you are engaged in business. This insurance must be maintained for trainees, as well as for those employed or engaged in the operation of your Ghost Kitchen Business, if required by your state or jurisdiction.
- (g) Licensed Contractors. You shall use licensed general contractors, designers and architects in performing any and all construction work at the Ghost Kitchen restaurant, including in connection with any remodeling or renovations. Ghost Kitchen expressly disclaims any warranty of the quality or merchantability of any goods or services provided by architects, contractors or any other persons or entities to which Ghost Kitchen may refer You. Ghost Kitchen is not responsible for delays in the construction, equipping or decoration of any Ghost Kitchen restaurant, or for any loss resulting from the Ghost Kitchen restaurant design or construction. You acknowledge that Ghost Kitchen has no control over the landlord or developer, and numerous construction and/or related problems that could occur and delay the opening of the Ghost Kitchen restaurant.
- (h) Ghost Kitchen Access to Kitchen and Progress Reports. Ghost Kitchen shall have access to the Ghost Kitchen restaurant at all times during the Term, including while work is in progress and may require alterations or modifications of the construction of the Ghost Kitchen restaurant that Ghost Kitchen deems necessary to ensure brand uniformity and system standard compliance.
- (i) Final Inspection, Approval. You shall promptly notify Ghost Kitchen of the date of completion of the construction of the Ghost Kitchen restaurant. Ghost Kitchen shall have the right to conduct a final inspection of the Ghost Kitchen restaurant. You shall not open the Ghost Kitchen restaurant for business without the express written authorization of Ghost Kitchen, and Ghost Kitchen’s authorization to open may be conditioned upon your strict compliance with the specifications of the approved final plans and with the standards of the System.
- (j) Installation of Equipment, Furnishings, Fixtures, and Signs/Décor.
- i. You shall install and use in and about the Ghost Kitchen restaurant only such equipment, fixtures, furnishings, interior and exterior signage, and other personal property, which strictly conforms to the appearance, uniform standards, specifications and procedures of Ghost Kitchen and the System, as may be revised from time-to-time in Ghost Kitchen’s sole discretion. Such items are sometimes referred to herein collectively as “Equipment and Furnishings.” You shall purchase and install all Equipment and Furnishings only from those suppliers Ghost Kitchen designates or approves in its sole

discretion, including affiliates of Ghost Kitchen. Ghost Kitchen shall have the right to retain any rebates or incentives offered by such vendors or suppliers. Ghost Kitchen reserves the right to be one of, or the sole, supplier of any Equipment and Furnishings and may derive revenue, benefits, or other material consideration from such purchases. Ghost Kitchen shall have the right to inspect and approve all Equipment and Furnishings and their installation to ensure your compliance with Ghost Kitchen's System Standards and Specifications.

- ii. You agree that all decor of the Ghost Kitchen restaurant must be previously approved by Ghost Kitchen and must comply with Ghost Kitchen's standards, as described in the Manual or in other written communications Ghost Kitchen provides to you, which may be periodically revised. Ghost Kitchen shall be deemed to be the owner of all copyrights in and to all forms of art or other visual media displayed in the Kitchen, including pictures, drawings photographs and items that Ghost Kitchen directs you to display (the "Art"), as well as all intellectual property rights in and to the Art. You shall not, without Ghost Kitchen's prior written consent, allow any of the Art to become a fixture of Your Ghost Kitchen restaurant and You shall not display or use the Art in any other business. Your failure to maintain your Ghost Kitchen restaurant's decor in compliance with Ghost Kitchen's specifications and standards described in the Manual or otherwise constitutes a material breach of this Agreement.

- (k) Completion and Opening Requirements. You shall complete construction of the Ghost Kitchen restaurant (including all exterior and interior carpentry, electrical painting, and finishing work, and installation of all furniture, fixtures, equipment, and signs) in accordance with the plans approved in writing by Ghost Kitchen, at your expense and open the Ghost Kitchen restaurant to the public no later than one hundred and eighty (180) days after the Effective Date (the "Required Opening Date"). Time is of the essence. You may not open the Ghost Kitchen restaurant to the public until Ghost Kitchen issues a written approval authorizing your opening. Ghost Kitchen will not issue its approval, and you will be prohibited from opening the Kitchen, if (a) the Kitchen has not been constructed and equipped in accordance with Ghost Kitchen's standards and specifications, (b) you fail to successfully complete initial training, or (c) in view of Ghost Kitchen's management, Ghost Kitchen determines you and your employees are not prepared to open.

Opening without Ghost Kitchen's written certification that You are prepared to do so is a material breach of this Agreement and constitutes infringement on Ghost Kitchen's intellectual property rights, justifying injunctive relief and termination of this Agreement. **By certifying that Ghost Kitchen's management believes You are prepared to commence business, Ghost Kitchen does not guarantee that the Ghost Kitchen restaurant will be successful.** Your success will depend on a number of factors, including general economic conditions and Your skill and hard work which are not within Ghost Kitchen control.

### **7.3.2 Compliance with Manual**

You shall operate Your Ghost Kitchen restaurant in complete compliance with the standards and specifications, as set forth in the Manual, or otherwise in writing. Ghost Kitchen may make changes to any of these standards and specifications, at any time, in Ghost Kitchen's sole and absolute discretion. Such changes may necessitate the purchase of equipment, supplies, furnishings, or other goods, completion of additional training by Your employees, remodeling of the Ghost Kitchen restaurant, or other cost to You. You shall promptly conform to the modified standards and specifications at Your own expense. You shall, at all times, keep Your copy of the Manual current (by, for example, inserting in it revised pages given to You by Ghost Kitchen and deleting superseded pages, or downloading from Ghost Kitchen's website, the current version of the Manual upon notification of any revision to the Manual). If there is any dispute as to the requirements of the Manual at any point in time, the terms of the master copy of the Manual maintained by Ghost Kitchen will control.

You shall at all times treat the Manual, any other manuals created for or approved for use in the operation of the Ghost Kitchen restaurant, and the information contained therein as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. Except for those portions of the Manual that Ghost Kitchen designates, in writing, as appropriate for copying and use at the Ghost Kitchen restaurant, You shall not, at any time, copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any third party without our prior written consent.

### **7.3.3 Required Products and Services**

You must offer all of the products and services we designate for each Approved Brand you operate in your franchise. You must offer all menu items we or our Approved Brands designate for each Approved Brand you select to operate in your business. We have the right to modify these menu items from time-to-time, at our sole discretion. You may not offer or sell any other menu items, product or service without our prior written consent. You must use the proprietary and nonproprietary techniques, materials and supplies we designate in the Manual. You must provide all services (including Proprietary Services) in accordance with the standards and specifications set forth in the Manual. You must, at all times, maintain sufficient staff, materials and supplies to meet reasonably anticipated customer demand and your staff must be able to meet demands for all Approved Brands you operate in your franchise. If we discontinue our relationship with any of our Approved Brands or if we decide at our discretion not to offer an Approved Brand in our system, you agree to discontinue to offer menu items from that Approved Brands in your business and to remove all related marketing and advertising material related to that Approved Brand and to remove the Approved Brand from all food delivery platforms. We would offer you another Approved Brand to replace the Approved Brand being removed from your business at no additional cost.

- (a) Approved Suppliers. We have the absolute right to limit the suppliers with whom you may deal. We may require you to purchase certain items, products, services, signs, furnishings, supplies, fixtures and equipment from us or distributors we have approved. Unless we specify otherwise in writing, you may be required to purchase

all goods, items, products, equipment and services required for the development and operation of the Kitchen from our approved or designated suppliers. We have the right to designate one supplier for any given item or service. We may provide you with a list of suppliers, which list may change over time. While the suppliers included on this list may be mandated, approved and/or recommended, we reserve the right to change this list, from time-to-time, in our sole discretion. Notifications of changes to the approved suppliers list will be communicated to you through changes to the Manual or other written communications, including via electronic mail. We may revoke approval of suppliers in our sole and absolute discretion, at any time, upon written notice. We may become an approved supplier, and/or the only supplier, for any item, product, good and/or service at any time. We reserve the right to own an interest in any entity that will act as an approved supplier for any or all products and services You will use, offer and/or sell in the Ghost Kitchen restaurant.

- (b) Right to Derive Income. We may derive income, consideration payments and other benefits on account of your purchase or lease of any products, services, supplies, equipment and/or other items from us or any supplier, including approved suppliers and/or designated suppliers. This income may be derived in any form, including as a rebate from various suppliers based on the quantity of System franchisee purchases. We may use these benefits for any purpose we deem appropriate. We are not obligated to remit any benefits to you and reserve the right to retain all such benefits.
  
- (c) Alternative Suppliers. If you want to purchase any item, product service, goods, equipment or supplies from a supplier or distributor who is not on our approved list, you may request our approval of the supplier or distributor (except in instances where we have designated a sole supplier of any product, item good, equipment, service or supplies), which we may grant or deny in our sole and absolute discretion. The proposed supplier's or distributor's product or service, as applicable, must conform in every respect to our standards and specifications, and the supplier or distributor must have a good business reputation and be able and willing to provide sufficient quantities of the product and adequate service to you. The supplier or distributor must also provide us with any information we request in order to analyze the supplier's or distributor's suitability, and the composition and conformity of the product to our standards. This evaluation may include a sampling of the product at either the supplier's/distributor's or our place of business as we may designate. Where appropriate, we may require the supplier or distributor to provide us with product liability insurance. All suppliers and distributors must agree to provide us with reports concerning all purchases by you or other franchisees. You may be required to pay us a Supplier and Product Evaluation Fee of seven hundred fifty dollars (\$750) for each alternative supplier request You submit to Us. We cannot predict with any certainty how long any evaluation will take, however, we will attempt to complete our evaluation within thirty (30) days. Upon the completion of our evaluation, we will inform you of our approval or disapproval of your request. If we approve the supplier or distributor, the supplier

or distributor is added to our approved list, however, our approval of a supplier or distributor relates only to the item or product line evaluated and specifically approved by us.

Our standards, specifications and other criteria, for supplier or distributor approval have been developed by us, our affiliates, and/or or principals through the expenditure of extensive work and time, and are considered confidential information. Therefore, we do not make our standards and specifications or our other criteria for supplier or distributor approval available to you or suppliers.

- (d) Modifications. We may modify our specifications and standards for any item or revoke our approval of any supplier or distributor who fails to adhere to our quality standards or other requirements. We may limit the number of potential suppliers that we consider for approval and, for some categories of products, we may designate a third-party or ourselves as an exclusive supplier.

**NEITHER GHOST KITCHENS, NOR ITS PARENTS OR AFFILIATES, MAKE ANY EXPRESS OR IMPLIED WARRANTIES REGARDING ANY ITEM OR SERVICE, AND GHOST KITCHENS AND ITS AFFILIATES EXCLUDE (AND EXPRESSLY DISCLAIM) ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE,** except as set forth in a particular written warranty, if any, provided in connection with a particular item or service.

- (e) Further Restrictions. You shall not offer or sell any product, item or service we have not designated or expressly approved in writing without our prior written consent, which may be granted or withheld in our sole and absolute discretion. We reserve the right to sell products and services to you for a profit.
- (f) Purchasing Programs, Promotional Programs. We may establish national or regional purchasing programs for the purpose of negotiating purchases of certain products and/or services from approved or designated suppliers. The purchasing programs may (but are not required to) benefit you by reducing prices, increasing reliability in supply, improving distribution, and establishing consistent pricing for reasonable periods to avoid market fluctuations. If a national and/or regional purchasing program is established for the region where your Franchised Business is located, you must participate in the program.
- (g) Pricing. You must offer all Proprietary Services, products and services that we designate. We reserve the right to prohibit you from charging prices lower than our published prices for any service or item, to the maximum extent allowed by applicable law. We may also suggest pricing to you from time-to-time. We may change the types of authorized goods and services, and the prices for authorized goods and services sold by You in our sole discretion. There are no limitations on our right to make changes.

#### **7.3.4 Inspections.**

In an effort to advance the protection and enhancement of the Ghost Kitchen brand and the Marks, Ghost Kitchen and/or its designated agents or representatives may conduct periodic quality control and records inspections of the Ghost Kitchen restaurant at any time during the Term. Inspections may be made with or without prior notice. Without limiting the foregoing, you grant Ghost Kitchen and its agents the right to: (a) enter upon the Ghost Kitchen restaurant premises for the purpose of conducting inspections, and you shall cooperate with Ghost Kitchen representatives in such inspections by rendering such assistance as they may reasonably request; (b) photograph your Ghost Kitchen restaurant and observe and record video of your Kitchen's operation for consecutive or intermittent periods as Ghost Kitchen deems necessary; (c) interview your personnel and customers; and (d) inspect and copy any books, records, and documents related to your Ghost Kitchen restaurant's operation. You shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. If any inspection reveals that you are not in compliance with any provision of this Agreement, the Manual, or any of Ghost Kitchen's standards and/or specifications, you shall be deemed in breach of your obligations under this Agreement and Ghost Kitchen shall have the right to terminate this Agreement as provided under Section 10.2 of this Agreement, if you fail to cure the breach before the expiration of all applicable notice and cure periods. You further agree that You will reimburse Ghost Kitchen for its representative's time and travel expenses, if an additional inspection at the Ghost Kitchen restaurant is required when a violation has occurred, and You have not corrected the violation.

#### **7.3.5 Customer Satisfaction**

You must present customers with such evaluation cards or forms as the Franchisor may periodically prescribe, for return by the customers to Ghost Kitchen. If Your scores from the customer response forms do not meet Ghost Kitchen's then-current standards, as may be described in the Manual, Ghost Kitchen may suggest ways in which You can improve Your scores. If You do not take immediate, effective steps to bring Your operation into conformity with Ghost Kitchen's standards, Your failure to do so will constitute a material breach of this Agreement, and You shall be subject to termination pursuant to Section 10.2.

You shall respond to all customer complaints, suggestions, and the like via e-mail, telephone, or regular mail within 48 hours of submission by the customer or prospective customer.

You shall install a video and/or security system, in a manner we deem acceptable, in our sole discretion, and shall provide Ghost Kitchen with access to view the video at any time.

#### **7.3.6 Maintenance Requirements**

All equipment repairs shall be completed within seventy-two (72) hours. Any damaged or "worn" equipment shall be repaired (reupholstered, etc.) every six months, or as needed. Interior walls of common areas shall be painted or "touched up" every six months, or as needed. You shall maintain the Ghost Kitchen restaurant in accordance with the requirements set forth in the Manual. From time-to-time, Ghost Kitchen may require You to remodel all or part of the Ghost Kitchen restaurant and purchase new equipment furniture, fixtures, signs, and other such items as Ghost Kitchen

designates in its sole discretion. You must promptly, at Your own cost and expense, remodel, refurbish, and improve the Ghost Kitchen restaurant as instructed by Ghost Kitchen.

### **7.3.7 Notification of Complaints**

You shall notify Ghost Kitchen promptly if You are served with a complaint or demand in any legal proceeding that is in any way related to the Ghost Kitchen restaurant or if You become aware that You are the subject of any complaint to or investigation by a governmental agency, governmental licensing authority, or consumer protection agency. You shall notify Ghost Kitchen immediately upon receipt of any notice of a breach of the lease agreement for the premises of the Ghost Kitchen restaurant. You must notify Ghost Kitchen of any claim arising from or affecting the financial condition of your Ghost Kitchen restaurant.

### **7.3.8 Computer System Requirements**

You shall purchase and maintain a computer and point-of-sale system, as designated by Ghost Kitchen (the “POS System”), to be used in the operation of the Ghost Kitchen restaurant and for reporting purposes. You shall comply with the following provisions relating to the POS System:

- (a) You shall update and upgrade the POS System as designed by Ghost Kitchen. Ghost Kitchen may require you to enter into a separate maintenance and/or support agreement for your POS System, at any time, at your sole cost and expense;
- (b) You shall record all sales at or from the Ghost Kitchen restaurant at the time of sale, in accordance with Ghost Kitchen’s procedures, on the POS System;
- (c) You shall comply with such requirements determined by Ghost Kitchen, from time-to-time, regarding maintenance, training, storage and safeguarding of data, records, reports, and other matters relative to the POS System; and
- (d) Ghost Kitchen has the right to independently access any and all information on your POS System, at any time, without first notifying you. Without limiting the generality of the foregoing, you shall, at your sole cost and expense, permit Ghost Kitchen immediate access to your POS System, electronically or otherwise, at all times, without prior notice to you. Ghost Kitchen shall have the right to use the information accessed on the POS System in any manner Ghost Kitchen determines, including the right to use any and all such information in Ghost Kitchen’s Franchise Disclosure Document, and to share financial statements, including profit and loss statements, with other System franchisees.

**GHOST KITCHENS MAKES NO WARRANTY OF ANY KIND, WHETHER EXPRESS OR IMPLIED, WITH REGARD TO ANY THIRD-PARTY MATERIALS. GHOST KITCHENS DISCLAIMS ANY AND ALL WARRANTIES RELATED TO THE COMPUTER SYSTEM, WHETHER EXPRESS OR IMPLIED, WRITTEN OR ORAL, INCLUDING BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF**

**MERCHANTABILITY, INTEROPERABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, QUIET ENJOYMENT, OR THOSE ARISING FROM TRADE USAGE OR COURSE OF DEALING. GHOST KITCHENS DOES NOT WARRANT THAT THE COMPUTER SYSTEM WILL BE FREE FROM DEFECTS OR THAT USE OF THE COMPUTER SYSTEM WILL BE UNINTERRUPTED OR ERROR FREE.**

**IN NO EVENT WILL GHOST KITCHENS BE LIABLE FOR ANY INDIRECT, CONSEQUENTIAL, INCIDENTAL SPECIAL OR PUNITIVE DAMAGES (INCLUDING, WITHOUT LIMITATION, ANY DAMAGES ASSOCIATED WITH LOSS OF USE, INTERRUPTION OF BUSINESS, LOSS OF DATA OR LOSS OF PROFITS) ARISING OUT OF OR IN ANY WAY RELATED TO THE COMPUTER SYSTEM OR ITS USE.**

### **7.3.9 Data Security**

You shall use your best efforts to protect your customers against any and all data breaches and cyber-events, including, without limitation, identity theft or theft of personal information (a “Data Security Breach”). If a Data Security Breach occurs, in the interest of protecting the goodwill associated with the Ghost Kitchen brand and franchise system, Ghost Kitchen hereby reserves the right to (but does not undertake the obligation to) directly or through its designee, perform or control any and all aspects of the response to such Data Security Breach, including, without limitation, the investigation, containment and resolution of the event and all communications with the franchise system, vendors and suppliers, customers, law enforcement agencies, regulatory authorities and the general public. You hereby acknowledge and agree that a Data Security Breach and/or any response to a Data Security Breach may impact operations of the Kitchen, including, without limitation, interruption in operations. You hereby acknowledge and agree that neither Ghost Kitchen nor any of its parents, affiliates, subsidiaries, owners, officers, directors, or employees shall be liable to You for any damages arising out of or resulting from any Data Security Breach or any action or inaction in response to a Data Security Breach. You shall at all times be compliant with all Payment Card Industry Data Security Standards, any and all requirements imposed by all applicable payment processors and payment networks, including credit card and debit card processors, and any and all state and federal laws, rules and regulations relating to data privacy, data security and security breaches. You hereby acknowledge and agree that if Ghost Kitchen engages or designates a third party service provider to administer a data security program, you will be required to comply with the requirements of such service provider. It is your responsibility to ensure that you operate the Kitchen at all times in compliance with all aforementioned laws, rules, regulations and requirements and you are strongly encouraged to engage legal and data security professionals, including insurance providers to ensure your full compliance and adequate protection.

### **7.4 Management and Personnel**

You are not required to devote a minimum number of hours to the management and operation of Your Ghost Kitchen restaurant. However, another employee who has successfully completed Ghost Kitchen initial training program shall be present at the Kitchen whenever the Ghost Kitchen restaurant is open for business. You shall maintain, at all times, a staff of competent, conscientious,



and trained employees sufficient to operate the Ghost Kitchen restaurant in compliance with Ghost Kitchen's standards. Ghost Kitchen does not direct or control labor or employment matters for You or Your employees, or for any of Ghost Kitchen's franchisees and/or their employees. Ghost Kitchen may make suggestions and may provide guidance relating to such matters; however, it is entirely Your responsibility to determine whether to adopt, follow and/or implement any of our suggestions or guidance. Notwithstanding anything contained in this Agreement to the contrary, mandatory specifications, standards and operating procedures including as set forth in any manual, do not include the terms or conditions of employment for any of your employees, nor do they include mandated or required personnel policies or procedures.

## **7.5 Advertising**

Recognizing the value of advertising, marketing, and promotion, and the importance of the standardization of advertising, marketing, and promotion programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

### **7.5.1 Grand Opening**

You shall spend at least two-thousand (\$2,000) on a grand opening advertising program conducted in accordance with the guidelines for such a program in the Manual, in addition to Your regular monthly Local Advertising pursuant to Section 7.6.2 of this Agreement. Such grand opening must occur within two (2) weeks of the opening of Your Ghost Kitchen restaurant.

### **7.5.2 Local Advertising**

You shall spend an amount equal to at least one percent (1%) of your Gross Revenues per month on local marketing, advertising and promotion in such manner as Ghost Kitchen may, in its sole discretion, direct in the Manual or otherwise in writing from time-to-time. Upon Ghost Kitchen's request, You shall provide satisfactory evidence of its local advertising and promotion expenditures in such manner as Ghost Kitchen shall direct in the manual or otherwise in writing from time-to-time.

### **7.5.3 Brand Fund Contribution**

You shall pay to Ghost Kitchen a fee to contribute to the expense of regional advertising, marketing and promotion undertaken by Ghost Kitchen for the benefit of the System in accordance with the manual or as otherwise stated in writing from time-to-time. The Brand Fund has not been established yet but when it is established, with a 30 day notice to you, you are required to begin contributing an amount equal to two-percent (2%) of your Gross Revenues to this Fund.

### **7.5.4 Websites**

Unless otherwise approved in writing by Ghost Kitchen, You shall not establish a separate Website. However, Ghost Kitchen shall have the right to require that You have one or more references or webpage(s), as designated and approved in advance by Ghost Kitchen, within Ghost Kitchen's principal Website, which is currently [www.ghostkitchenbrands.com](http://www.ghostkitchenbrands.com) ("Our Website"). The term

“Website” means an interactive electronic document contained in a network of computers linked by communications software, commonly referred to as the Internet or World Wide Web, including, but not limited to, any account, page, or other presence on a social or business networking media site, such as Facebook, Twitter, Linked In, and on-line blogs and forums (“Networking Media Sites”). Ghost Kitchen shall have the right to require that You not have any Website other than the webpage(s), if any, made available on Our Website.

#### **7.5.4.1 Ghost Kitchen Website**

Ghost Kitchen may approve a separate Website for You (which Ghost Kitchen is not obligated to approve; and which approval, if granted, may later be revoked by Ghost Kitchen) subject to the conditions set forth in this Section 7.5.4.1:

- (a) You specifically acknowledge and agree that any Website owned or maintained by or for the benefit of You shall be subject to Ghost Kitchen’s prior review and approval;
- (b) Any expenditures by You in connection with any Website shall not count towards fulfilling Your advertising obligations under this Section 7 of the Agreement;
- (c) Before establishing any Website, You shall submit to Ghost Kitchen, for Ghost Kitchen’s prior written approval, a sample of the proposed Website domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including, without limitation, meta tags) in the form and manner Ghost Kitchen may reasonably require;
- (d) Ghost Kitchen may designate a single vendor or supplier for the purposes of assisting You in creating Your Website;
- (e) If approved, You shall not subsequently modify such Website without Ghost Kitchen’s prior written approval as to such proposed modification;
- (f) You shall comply with the standards and specifications for Websites that Ghost Kitchen may periodically prescribe in the Manual or otherwise in writing;
- (g) If required by Ghost Kitchen, You shall establish such hyperlinks to Ghost Kitchen’s Website and other Websites as Ghost Kitchen may request in writing; and
- (h) You shall not make any posting or other contribution to a Networking Media Site relating to Ghost Kitchen, the System, the Proprietary Marks, or the Franchised Business that: (i) is derogatory, disparaging, or critical of Ghost Kitchen; (ii) is offensive, inflammatory, or indecent; (iii) harms the goodwill and public image of the System and/or the Proprietary Marks; or (iv) violates Ghost Kitchen’s policies relating to the use of Networking Media Sites.

#### **7.5.4.2 Intentionally Omitted.**

#### **7.5.4.3 Changes to Technology**

You acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, You agree that Ghost Kitchen shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and You agree that You shall abide by those reasonable new standards established by Ghost Kitchen as if this Agreement were periodically revised by Ghost Kitchen for that purpose.

#### **7.5.5 Advertising Cooperative**

Ghost Kitchen shall have the right, in its sole discretion, to designate any geographic area for purposes of establishing a regional advertising and promotional cooperative (the “Cooperative”), and to determine whether a Cooperative is applicable to Your Exclusive Territory. If a Cooperative has been established in Your area prior to opening the Kitchen, You shall become a member of the Cooperative no later than thirty (30) days after opening the Kitchen. If a Cooperative is established subsequent to Your opening of the Kitchen, You shall become a member of the Cooperative no later than thirty (30) days after the date on which the cooperative commences operation. If the Kitchen is within the Territory of more than one Cooperative, You shall not be required to be a member of more than one Cooperative within that Territory. We reserve the right to require you to contribute a portion of Your Gross Revenues to the Cooperative.

#### **7.5.6 Signs**

You shall permanently display, at Your own expense, in Your Ghost Kitchen restaurant and on your vehicle to be used in the operation of the franchised business, Ghost Kitchen signs of any nature, form, color, number, location and size, and containing any legends, that Ghost Kitchen has designated in the Manual or otherwise in writing. Ghost Kitchen has the right to require you to change, modify, update upgrade and/or change any and all signs used in connection with the operation of your Ghost Kitchen restaurant at any time upon written notice to you.

#### **7.5.7 Marketing Materials**

All marketing and promotion by You shall be in such media and of such type and format as Ghost Kitchen may approve, shall be conducted in a dignified manner and shall conform to such standards and requirements as Ghost Kitchen may specify. You shall not use any advertising or promotional plans or materials unless and until You have received written approval from Ghost Kitchen. You shall provide satisfactory evidence of Your local advertising and promotion expenditures in such a manner as Ghost Kitchen shall direct in the Manual or otherwise in writing from time-to-time. Ghost Kitchen may make available to You, from time-to-time, at Your expense, such promotional materials, including newspaper mats, coupons, merchandising materials, point-of-purchase materials, special promotions, and similar advertising and promotional materials.

### **7.5.8 Promotions**

You acknowledge that periodic rebates, give-a-ways, and other promotions and programs are an integral part of the System. Accordingly, You, at your sole cost and expense, shall, from time-to-time, issue and offer such rebates, give-a-ways, and promotions, in accordance with any reasonable advertising programs established by Ghost Kitchen, and shall further honor such rebates, give-a-ways, and promotions, issued by Ghost Kitchen, as long as all of the above does not contravene regulations and laws of appropriate government agencies.

### **7.5.9 Telephone Directories**

You shall, at your sole expense, obtain listings in the white and yellow pages of local telephone directories. You shall comply with Ghost Kitchen's specifications concerning the form and size of such listings, and the number of directories in which such listings will be placed. Additionally, You are required to obtain listings and/or advertise with Ghost Kitchen and other franchisees of the System on electronic yellow pages directories and other online directories as Ghost Kitchen may designate in the Manual or otherwise in writing. Ghost Kitchen reserves the right to place, and subsequently remove or modify, such online listings and advertisements on Your behalf. For any listings or advertisement posted or on behalf of You, You shall promptly pay, upon demand by Ghost Kitchen, Your *pro rata* share of the costs of such listings or advertisements.

### **7.5.10 Franchise Advisory Council**

Ghost Kitchen shall have the right, in its discretion, to require the establishment of a franchise advisory council (the "Advisory Council") in Your Exclusive Territory. In the event such Advisory Council is established, You shall participate actively in the Advisory Council as Ghost Kitchen designates and participate in all Advisory Council meetings approved by Ghost Kitchen. Ghost Kitchen reserves the right to prepare and amend the governing documents for the Advisory Council from time-to-time, in its sole discretion, at any time. Ghost Kitchen, in its sole discretion, will determine the topic areas to be considered by the Advisory Council. The purpose of the Advisory Council shall include, but is not limited to, exchanging ideas and problem-solving methods, advising Ghost Kitchen on expenditures for system-wide advertising, and coordinating franchisee efforts. Amounts and expenditures may vary from time-to-time due to variations in Advisory Council participation and costs, as determined by the Advisory Council, and as approved by Ghost Kitchen. Ghost Kitchen shall have the right to form, change, or dissolve an Advisory Council at any time in its sole discretion.

## **7.6 Financial Information**

### **7.6.1 Records**

You shall record all sales and all receipts of revenue on individual serial-numbered receipts. Bank Deposits must validate all receipts. You shall retain daily sales reporting forms and accompanying records for at least three (3) years after the date of sale (or for a longer period if required by state or local law). You shall retain all other records and receipts used in the ordinary course of business. You shall furnish all records to Ghost Kitchen upon request.

## **7.6.2 Reports**

You shall submit to Ghost Kitchen, on or before the fifteenth (15th) day following the end of each month, financial reports on the income and expenses of the Ghost Kitchen restaurant in the format specified in the Manual. You shall also submit to Ghost Kitchen, at the time of filing, copies of all federal state and local income, sales, and property tax returns. Ghost Kitchen will use this data to confirm that You are complying with Your obligations under this Agreement, and to formulate earnings and expense information for possible disclosure to prospective franchisees. In addition to the foregoing, on or before the fifteenth (15th) day following the end of each month, you shall submit proof of payment for any leasehold rental obligations, sales tax, and payroll taxes.

## **7.7 Insurance**

### **7.7.1 Minimum Insurance Requirements**

You shall procure, prior to the commencement of any activities or operations under this Agreement, and shall maintain in full force and effect at all times during the term of this Agreement (and for such period thereafter as is necessary to provide the coverages required hereunder for events having occurred during the term of this Agreement), at Your expense, an insurance policy or policies protecting You, Ghost Kitchen, and their respective officers, directors, partners, agents and employees against any demand or claim with respect to personal injury, death or property damage, business interruption, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Kitchen, including, but not limited to, comprehensive general liability insurance, property insurance (including, but not limited to, fire, vandalism, and malicious mischief insurance for the replacement value of the Ghost Kitchen restaurant and its contents), casualty insurance, business interruption insurance, statutory workers' compensation insurance, employer's liability insurance, product liability insurance, and automobile insurance coverage for all vehicles used in connection with the operation of Kitchen, if applicable. Such policy or policies shall be written by a responsible carrier or carriers acceptable to Ghost Kitchen, shall name Ghost Kitchen and its subsidiaries and affiliates as additional insureds, shall provide for Ghost Kitchen to receive notice upon cancellation or any event of default, including non-payment, and shall provide at least the types and minimum amounts of coverage specified in the Manual or otherwise set forth in this Franchise Agreement. Ghost Kitchen shall have the right, from time-to-time, to make such changes in minimum policy limits and endorsements in the Manual or otherwise in writing as it may determine in its reasonable discretion.

### **7.7.2 Non-Waiver**

Your obligation to obtain and maintain the policy or policies in the amounts specified in the Manual shall not be limited in any way by reason of any insurance that may be maintained by Ghost Kitchen, nor shall Your performance of that obligation relieve you of liability under the indemnity provisions set forth in Section 8.5 of this Agreement.

### **7.7.3 Franchisor Entitled to Recover**

All public liability and property damage policies shall contain a provision that Ghost Kitchen, although not named as an insured, shall nevertheless be entitled to recover under such policies on any loss occasioned to Ghost Kitchen or its agents or employees by reason of the negligence of You or your agents or employees.

### **7.7.4 Certificates of Insurance**

Prior to the commencement of any operations under this Agreement, and thereafter at least thirty (30) days prior to the expiration of any policy, You shall deliver to Ghost Kitchen Certificates of Insurance evidencing the proper types and minimum amounts of coverage. All Certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given Ghost Kitchen in the event of material alteration to or cancellation of the coverages evidenced by such Certificates.

### **7.7.5 Right to Procure Insurance**

Should You, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time-to-time by Ghost Kitchen in the Manual or otherwise in writing, Ghost Kitchen shall have the right and authority (but not the obligation) to procure and maintain such insurance in Your name and to charge same to You, which charges, together with Our reasonable expenses in so acting, shall be payable by You immediately upon notice. The foregoing remedies shall be in addition to any other remedies Ghost Kitchen may have under this Agreement, or at law or in equity.

## **7.8 Financial and Legal Responsibility**

### **7.8.1 Compliance with Law**

You shall comply with all federal, state and local laws and regulations pertaining directly or indirectly to the Ghost Kitchen restaurant. You shall keep current and legally compliant all licenses, permits, bonds, contracts, and deposits made to or required by any government agency in connection with the operation of the Ghost Kitchen restaurant. You are responsible for compliance with all requirements imposed by applicable law, rule, or regulation.

### **7.8.2 Payment of Indebtedness**

You shall pay promptly when due all taxes and debts that You incur in the conduct of Your business. Except in connection with the financing of the initial development of the Kitchen, including your obtainment of any SBA financing, the Ghost Kitchen restaurant and all assets and equipment used in connection with the operation of the Ghost Kitchen restaurant shall remain free and clear of any pledge, mortgage, hypothecation, lien, charge, encumbrance, security interest or purchase right or options unless approved by Ghost Kitchen in writing. The Kitchen revenues, including Gross Revenues and if You are a partnership, corporation, or limited liability company, each of your Owners' interest in the franchisee entity, shall be and remain free and clear of any

pledge, mortgage, hypothecation, lien, charge, encumbrance, voting agreement, proxy, security interest or purchase right or options, unless approved by Ghost Kitchen in writing.

## **7.9 Franchised Business Operations**

You shall use the Kitchen solely for the operation of the business franchised hereunder; shall keep the Kitchen open and in normal operation for such minimum hours and days as Ghost Kitchen may specify in the Manual or otherwise directs from time-to-time; shall refrain from using or permitting the use of the Kitchen for any other purpose or activity at any time without first obtaining the written consent of Ghost Kitchen; and shall operate the Kitchen in strict conformity with such methods, standards, and specifications as Ghost Kitchen may, from time-to-time, prescribe in the Manual or otherwise in writing. You shall refrain from deviating from such standards, specifications, and procedures without Ghost Kitchen's prior written consent.

## **8. RELATIONSHIP OF PARTIES**

### **8.1 Interest in Marks and System**

You expressly understand and acknowledge that:

- (a) Ghost Kitchen (or its affiliate(s)) is the owner of all rights, title and interest in and to the Marks and the goodwill associated with and symbolized by them;
- (b) The Marks are valid and serve to identify the System and those who are authorized to operate under the System;
- (c) Neither You nor any principal of You shall directly or indirectly contest the validity of Ghost Kitchen's ownership of the Marks, nor shall You directly or indirectly, seek to register the Marks with any government agency;
- (d) Your use of the Marks does not give You any ownership interest or other interest in or to the Marks, except the licensure granted by this Agreement;
- (e) Any and all goodwill arising from Your use of the Marks shall inure solely and exclusively to Ghost Kitchen's benefit, and upon expiration or termination of this Agreement, and the license herein granted, no monetary amount shall be assigned or attributable to any goodwill associated with Your use of the System or the Marks; and
- (f) The right and license of the Marks granted hereunder to You is non-exclusive, and Ghost Kitchen thus has and retains the rights, among others:
  - i. to use the Marks itself in connection with selling services, products and other;

- ii. to grant other licenses for the Marks, in addition to those licenses already granted to existing franchisees;
- iii. to develop and establish other systems using the same or similar Marks, or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to You; and
- iv. to, from time-to-time, modify or delete existing Marks upon notice to You. You have absolutely no right to use any specific deleted mark owned or controlled by Ghost Kitchen or its Affiliates.

## **8.2 Independent Status**

It is expressly agreed that the parties intend by this Agreement to establish between you and Ghost Kitchen the relationship of franchisee and franchisor. It is further agreed that you have no authority to create or assume in Ghost Kitchen's name or on Ghost Kitchen's behalf any obligation express or implied or to act or purport to act as agent or representative on our behalf for any purpose whatsoever. Neither you nor Ghost Kitchen is the employer, employee, agent, partner, fiduciary or co-venturer, of or with the other, each being independent. All employees and agents hired or engaged by or working for you will be only the employees or agents of yours and will not, for any purpose be deemed employees or agents of Ghost Kitchen nor subject to Ghost Kitchen's control. Ghost Kitchen has no authority to exercise control over the hiring or termination of your employees, independent contractors, agents or others who work for you, their compensation, working hours or conditions, or their day-to-day activities, except to the extent necessary to protect the brand and the Marks. You shall file your own tax, regulatory and payroll reports with respect to your employees, agents and contractors, and you shall save, indemnify and hold Ghost Kitchen and its parents, affiliates, owners, officers, directors and subsidiaries harmless from any and all liability, costs and expenses, of any nature, that any such party incurs related to these obligations. You shall, in all respects, be an independent contractor and nothing in this Agreement is intended to constitute either party as an agent, legal representative, subsidiary, joint-venturer, joint-employer, partner, employee or servant of the other for any purpose whatsoever. Without limiting the foregoing, You are an independent legal entity and must make this fact clear in Your dealings with suppliers, lessors, government agencies, employees, customers and others. You and Ghost Kitchen are completely separate entities and are not fiduciaries, partners joint-venturers, or agents of the other in any sense, and neither party has the right to bind the other. No act or assistance by either party to the other pursuant to this Agreement may be construed to alter this relationship. You are solely responsible for compliance with all federal, state, and local laws rules and regulations, and for complying with Ghost Kitchen policies, practices, and decisions relating to the operation of the Ghost Kitchen restaurant. You shall rely on Your own knowledge and judgment in making business decisions, subject only to the requirements of this Agreement and the Manual. You may not expressly or implicitly hold Yourself out as an employee, partner, shareholder, member, joint-venturer or representative of Ghost Kitchen, nor may You expressly or implicitly state or suggest that You have the right or power to bind Ghost Kitchen, or to incur any liability on Ghost Kitchen's behalf. You may not use the Trade Name or Marks as part of Your corporate name, limited liability company name, or limited partnership name. There is no fiduciary duty between You and Ghost Kitchen.



### **8.3 Display of Disclaimer**

You shall conspicuously display a sign that states that “THIS GHOST KITCHENS RESTAURANT IS AN INDEPENDENTLY OWNED AND OPERATED FRANCHISED BUSINESS” within each Kitchen, business cards, client/customer agreements, stationery, purchase order forms, invoices, and other documents that You use in Your business dealings with suppliers, government agencies, employees and customers must clearly identify You as an independent legal entity.

### **8.4 Confidentiality**

You acknowledge and agree that the information, ideas, forms, marketing plans and other materials disclosed to You under this Agreement, whether or not included in the Manual, are confidential and proprietary information and trade secrets of Ghost Kitchen. Any and all information, knowledge and techniques which Ghost Kitchen designates as confidential shall be deemed confidential for purposes of this Agreement, except information which You can demonstrate came to Your attention prior to disclosure thereof by Ghost Kitchen or which, at or after the time of disclosure by Ghost Kitchen to You, had become or later becomes a part of the public domain, through publication or communication by others. You agree to maintain the confidentiality of all such material. You may not disclose any such information to any third-party, except to Your employees and agents, as necessary in the regular conduct of the Ghost Kitchen restaurant, and except as authorized in writing by Ghost Kitchen. You shall be responsible for requiring compliance of Your Related Parties and employees with the provisions of this Section. You shall obtain signed Nondisclosure, Nonsolicitation and Noncompetition Agreements, in the form of Exhibit E to this Agreement, from Your Related Parties and employees, and send Ghost Kitchen a copy of each such agreement upon demand.

### **8.5 Mutual Indemnification**

You and your Related Parties agree to indemnify, defend and hold harmless us, our affiliates, and our and their respective shareholders, members, directors, officers, employees, agents, successors, and assignees (the “Indemnified Parties”) against, and to reimburse any one or more of the Indemnified Parties for all claims, obligations, and damages directly or indirectly arising out of or related to your act or omission, the act or omission of any of your Related Parties, employees, agents or representatives, the Ghost Kitchen restaurant’s operation, the business you conduct under this Agreement, or your breach of this Agreement, including, without limitation, those alleged to be caused by the Indemnified Party’s negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by our gross negligence or willful misconduct in a final, unappealable ruling issued by a court with competent jurisdiction. For purposes of this indemnification, claims include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants , arbitrators, attorneys’ fees, and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation arbitration or alternative dispute resolution is commenced. Each Indemnified

Party may defend any claim against it at your expense and agree to settlements or take any other remedial, corrective, or other actions. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third-party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you under this subparagraph. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this paragraph. Without limiting the foregoing, if Ghost Kitchen is made a party to a legal proceeding in connection with Your act or omission, Ghost Kitchen may hire counsel to protect its interests and bill You for all costs and expenses incurred by Ghost Kitchen. You shall promptly reimburse Ghost Kitchen for such costs and expenses.

You shall notify Ghost Kitchen immediately when you learn about an infringement or challenge to your use of any Mark, including the Ghost Kitchen mark. Ghost Kitchen will take the action Ghost Kitchen deems appropriate in any such situation. Ghost Kitchen has exclusive control over any proceeding or settlement concerning any of the Marks. You must take all actions that, in the opinion of Ghost Kitchen's counsel, may be advisable to protect and maintain Ghost Kitchen's interests in any proceeding or to otherwise protect and maintain Ghost Kitchen's interests in the Mark. While Ghost Kitchen is not required to defend you against a claim arising from your use of any of the Marks, Ghost Kitchen will indemnify and hold you harmless from all of your expenses reasonably incurred in any legal proceeding disputing your authorized use of any Mark provided that (a) your use is and has been in accordance with the terms of this Agreement and such other terms as may be specified by Ghost Kitchen; and (b) you notify us of the proceeding or alleged infringement in a timely manner and you have complied with Ghost Kitchen's directions regarding the proceeding. Ghost Kitchen has the right to control the defense and settlement of any proceeding. Ghost Kitchen will not reimburse you for your expenses and legal fees for separate, independent legal counsel, or for expenses in removing signage or discontinuing your use of any Mark. Ghost Kitchen will not reimburse you for disputes where Ghost Kitchen and/or any of its parents, affiliates, successors or assigns challenges your use of a Mark.

## **8.6 Covenants**

### **8.6.1 In-Term Covenants**

- (a) During the Term, You shall not, directly or indirectly, for yourself or through, on behalf of, or in conjunction with any person or entity, own, maintain, operate, engage in, consult with, provide any assistance to, or have any interest (direct or indirect) in a Competitive Business (as defined below).
- (b) You shall not divert or attempt to divert any business, client, or potential client of the Ghost Kitchen restaurant or any other System restaurant to any competitor, by direct or indirect inducement or otherwise, or to do or perform, directly or indirectly, any other act, injurious or prejudicial, to the goodwill associated with the Marks or the System.

The term “Competitive Business” shall mean any and all businesses that are competitive with Ghost Kitchen restaurants, including, without limitation any business that operates a ghost kitchen concept, food hall or a quick-service restaurant serving foods similar to any of the menu items you serve that are included in any of the Approved Brands you operate in your business, or any similar food service business.

### **8.6.2 Post-Term Covenants**

You may not, for a continuous, uninterrupted period commencing upon the expiration, transfer or termination of this Agreement (regardless of the cause for termination), and continuing for two (2) years thereafter, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons (including your spouse or any immediate family member, or the spouse or any immediate family member of any personal guarantor of this Agreement), partnership, limited liability company or corporation, own, maintain, operate, engage in, provide any assistance to, or have any interest in, any Competitive Business that is located: (i) at the Ghost Kitchen restaurant; (ii) within twenty-five (25) miles of the Ghost Kitchen restaurant; or (iii) within twenty-five (25) miles of any other System restaurant located then in existence or under construction.

### **8.6.3 Miscellaneous**

You agree that the length of time in Section 8.6.2 will be tolled for any period during which you are in breach of the covenant or any other period during which Ghost Kitchen seeks to enforce this Agreement. The parties agree that the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If any court of competent jurisdiction determined that the geographic limits, time period or line of business defined by this Section 8 (inclusive of all subsections) is unreasonable, the parties agree that such a court of competent jurisdiction may determine an appropriate limitation to accomplish the intent and purpose of this Section and the parties, and each of them, agree to be bound by such determination.

## **9. TRANSFER OF FRANCHISE**

### **9.1 Franchisor’s Right to Transfer**

Ghost Kitchen shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity, and any designated assignee of Ghost Kitchen shall become solely responsible for all obligations of Ghost Kitchen under this Agreement from the date of assignment. You shall execute such documents or attornment, or other documents, as Ghost Kitchen may request.

### **9.2 Franchisee’s Conditional Right to Transfer**

You understand and acknowledge that the rights and duties set forth in this Agreement are personal to You, and that Ghost Kitchen has granted this franchise in reliance of Your (or, if You are a corporation, partnership, or limited liability company, your principals) business skill, financial capacity and personal character. Accordingly, neither You nor any immediate or remote successor

to any part of Your interest in this Agreement, nor any individual, partnership, limited liability company, corporation or other legal entity, which directly or indirectly owns any interest in You, shall sell, assign, transfer, convey, pledge, encumber, merge or give away (collectively, “Transfer”) this Agreement, any direct or indirect interest in You, or in all or substantially all of the assets of the Franchise without prior written consent of Ghost Kitchen Any purported assignment or transfer not having the written consent of Ghost Kitchen, required by Section 9.3, shall be null and void and shall constitute a material breach of this Agreement, for which Ghost Kitchen may immediately terminate without opportunity to cure pursuant to Section 10.2.1 of this Agreement. The foregoing remedies shall be in addition to any other remedies Ghost Kitchen may have under this Agreement or at law or in equity.

### **9.3 Conditions of Transfer**

Franchisee shall notify Ghost Kitchen in writing of any proposed transfer of this Agreement, any direct or indirect interest in You, or in all or substantially all of the assets of Ghost Kitchen restaurant, at least thirty (30) days before such transfer is proposed to take place. Ghost Kitchen shall not unreasonably withhold its consent to any transfer. Ghost Kitchen may, in its sole discretion, require any or all of the following as conditions of its approval:

- (a) That all of Your accrued monetary obligations and all other outstanding obligations to Franchisor and its affiliates have been satisfied;
- (b) That You are not in default of any provision of this Agreement, any amendment or addendum hereof or successor hereto, or any other agreement between You and Ghost Kitchen or its affiliates;
- (c) That the transferor shall have executed a general release, in a form prescribed by Ghost Kitchen, of any and all claims against Ghost Kitchen and its affiliates, and their respective officers, directors, agents, shareholders, and employees;
- (d) That the transferor (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as Ghost Kitchen may request) demonstrate to Ghost Kitchen’s satisfaction that it meets Ghost Kitchen’s educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate the Ghost Kitchen restaurant (as may be evidenced by prior related business experience or otherwise); and has adequate financial resources and capital to operate the Ghost Kitchen restaurant, taking into consideration the purchase price paid by the transferee for the Ghost Kitchen restaurant; and has not operated a business in competition with Ghost Kitchen;
- (e) That (1) at Ghost Kitchen’s option, (a) the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as Ghost Kitchen may request) enter into a written assignment, in a form satisfactory to Ghost Kitchen, assuming and agreeing to discharge all of Your obligations under this Agreement, or (b) the transferee(s) execute, for a term ending on the expiration

date of this Agreement and with such renewal term(s) as may be provided by this Agreement, the Ghost Kitchen's then-current form of Franchise Agreement and other ancillary agreements as Franchisor may require for the Ghost Kitchen restaurant, which agreements shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, including, without limitation, higher royalty fees, advertising contributions, or other fees, and a smaller or modified Territory, except that the transferee shall not be required to pay any initial franchise fee; and (2) the transferee's principal guaranty the performance of all such obligations in writing in a form satisfactory to Ghost Kitchen;

- (f) That You remain liable for all of the obligations to Ghost Kitchen in connection with the Ghost Kitchen restaurant which arose prior to the effective date of the transfer and execute any and all instruments reasonable requested by Ghost Kitchen to evidence such liability;
- (g) That the transferee (or, if the transferee is a corporation, partnership or limited liability company, a principal of the transferee acceptable to Ghost Kitchen) and the transferee's manager (if transferee or transferee's principal will not manage the Ghost Kitchen restaurant), at the transferee's expense, have successfully completed any training programs then in effect upon such terms and conditions as Ghost Kitchen may reasonably require and pay Ghost Kitchen the then-current training fee;
- (h) Ghost Kitchen approves the terms and conditions of the transfer agreement between transferor and transferee; and
- (i) You pay to Ghost Kitchen a transfer fee of twenty-five (25%) of the then-current franchise fee at the time of transfer or five percent (5%) of the sales price, whichever is greater; however, in the case of a transfer to a corporation or limited liability company formed by You for the convenience of ownership (as determined by Ghost Kitchen in its sole discretion), no such transfer fee shall be required.

#### **9.4 Franchisor's Right of First Refusal**

If any party holding any direct or indirect interest in this Agreement, in You, or in all or substantially all of the assets of the restaurant desires to accept any bona fide offer from a third party to purchase such interest, You shall notify Ghost Kitchen as provided in Section 9 hereof, and shall provide such information and documentation relating to the offer as Ghost Kitchen may require. Ghost Kitchen shall have the right and option, exercisable within thirty (30) days after receipt of such written notification, to send written notice to the seller that Ghost Kitchen intends to purchase the seller's interest on the same terms and conditions offered by the third party. If Ghost Kitchen elects to purchase the seller's interest, closing on such purchase shall occur within sixty (60) days from the date of notice to the seller of the election to purchase by Ghost Kitchen. If Ghost Kitchen elects not to purchase the seller's interest, any material change thereafter in the terms of the offer from a third party shall constitute a new offer subject to the same rights of first refusal by Ghost Kitchen as in the case of the third party's initial offer. Failure of Ghost Kitchen

to exercise the option afforded by this Section 9 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 9, with respect to a proposed transfer. In the event the consideration, terms and/or conditions offered by a third party are such that Ghost Kitchen may not reasonably be required to furnish the same consideration, terms and/or conditions, then Ghost Kitchen may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within thirty (30) days on the reasonable equivalent in cash of the consideration, terms and/or conditions offered by the third party, an independent appraiser shall be designated by Ghost Kitchen at Ghost Kitchen's expense, and the appraiser's determination shall be binding.

#### **9.5 Death or Mental Incapacity**

Upon the death, physical or mental incapacity of any person with an interest in this Agreement, in You, or in all or substantially all of the assets of the Kitchen, the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by Ghost Kitchen within six (6) months after such death or mental incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any *inter vivos* transfer. In the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 9, the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by Ghost Kitchen within a reasonable time, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. If the interest is not disposed of within a reasonable time, Franchisor may terminate this Agreement, pursuant to Section 10 hereof.

#### **9.6 Non-Waiver**

Ghost Kitchen's consent to a transfer of any interest in this Agreement, in You, or in all or substantially all of the assets of the Kitchen, shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Ghost Kitchen's right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

### **10. TERMINATION OF FRANCHISE**

#### **10.1 Termination by Consent of the Parties**

This Agreement may be terminated upon the mutual consent of the parties.

#### **10.2 Termination by Ghost Kitchen**

##### **10.2.1 Immediate Termination upon Notice of Default**

Upon the occurrence of any of the following defaults, Ghost Kitchen may, at its option, terminate this Agreement effective immediately upon written notice to You:

- (a) If You misuse the Trade Name, Marks or the System, or engage in conduct which reflects materially and unfavorably upon the goodwill associated with them, or if You use in the Ghost Kitchen restaurant any names, marks, systems, logotypes or symbols that Ghost Kitchen has not authorized You to use.
- (b) If You have any direct or indirect interest in the ownership or operation of any business other than the Ghost Kitchen restaurant that is confusingly similar to the Ghost Kitchen restaurant or uses the System or Marks, or if You fail to give Ghost Kitchen a signed copy of the Nondisclosure, Nonsolicitation and Noncompetition Agreement, a form of which is attached hereto as Exhibit E for You (or if You are a corporation, all officers and shareholders, or, if You are a partnership, all Your general partners, or, if You are a limited liability company, all Your members) within ten (10) days after Ghost Kitchen requests it.
- (c) If You attempt to assign or Transfer Your rights under this Agreement in any manner not authorized by this Agreement.
- (d) If You have made any material misrepresentations in connection with the acquisition of a Ghost Kitchen restaurant or to induce Ghost Kitchen to enter into this Agreement.
- (e) If You act without Ghost Kitchen's prior written approval or consent in regard to any matter for which Ghost Kitchen's prior written approval or consent is expressly required by this Agreement.
- (f) If You cease to operate the Ghost Kitchen restaurant, unless (i) operations are suspended for a period of no more than one hundred and eighty (180) days, and (ii) the suspension is caused by fire, condemnation, or other act of God.
- (g) If You fail to permanently correct a breach of this Agreement, or to meet the operational standards stated in the Manual, after being twice requested in writing by Ghost Kitchen to correct a similar breach or meet a similar standard in any twelve (12) months period.
- (h) If a threat or danger to public health or safety results from the construction, maintenance or operation of the Ghost Kitchen restaurant.
- (i) Except as otherwise required by the United States Bankruptcy Code, if You become insolvent, are adjudicated a bankrupt, or file or have filed against You a petition in bankruptcy, reorganization, or similar proceeding.
- (j) If You plead guilty to, plead no contest to, or are convicted of, a felony, a crime involving moral turpitude, or any other crime or offense that Ghost Kitchen believes is reasonably likely to have an adverse effect on the System or Marks, the goodwill associated therewith, or Ghost Kitchen's interest therein.

- (k) If You maintain false books or records, or submit any false reports to Ghost Kitchen.
- (l) If You offer a product or service without Ghost Kitchen's consent, or fail to offer any product or service designated by Ghost Kitchen.

### **10.2.2 Termination after Five Days' Notice to Cure**

Ghost Kitchen may, at its option, terminate this Agreement, effective five (5) days after written notice is given to You, if You fail to make any payment when due under this Agreement or any other agreement between You and Ghost Kitchen.

### **10.2.3 Termination after Thirty Days' Notice to Cure**

**Upon the occurrence of any of the following defaults, Ghost Kitchen may, at its option, terminate this Agreement after thirty (30) days' notice to cure:**

- (a) If You fail to submit to Ghost Kitchen in a timely manner any information You are required to submit under this Agreement.
- (b) If You fail to begin operation of the Ghost Kitchen restaurant within the time limits as provided in this Agreement, or if You fail to operate your Ghost Kitchen restaurant in accordance with this Agreement and/or the Manual.
- (c) If You default in the performance of any other obligation under this Agreement, or any other agreement with Ghost Kitchen.

Under this Section 10.2.3, Ghost Kitchen may terminate this Agreement only by giving written notice of termination stating the nature of such default to You at least thirty (30) days prior to the effective date of termination; provided, however, that You may avoid termination by immediately initiating a remedy to cure such default, curing it to Ghost Kitchen's satisfaction, and by promptly providing proof thereof to Ghost Kitchen within the thirty (30) day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to You effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require.

### **10.3 Rights and Obligations After Termination or Expiration**

Upon termination of this Agreement for any reason, the parties will have the following rights and obligations:

- (a) Ghost Kitchen will have no further obligations under this Agreement.



- (b) You shall give the final accounting for the Ghost Kitchen restaurant, pay Ghost Kitchen within thirty (30) days after termination all payments due to Ghost Kitchen, and return the Manual and any other property belonging to Ghost Kitchen.
- (c) You shall immediately and permanently cease to operate the Ghost Kitchen restaurant. You shall immediately and permanently stop using the Marks or any confusingly similar marks, the System, or any advertising, signs, stationery, or forms that bear identifying marks or colors that might give others the impression that You are operating a Ghost Kitchen restaurant. You shall refrain from any statement or action that might give others the impression that You are or ever were affiliated with the Ghost Kitchen Franchise Network.
- (d) You shall promptly sign any documents and take any steps that, in the judgment of Ghost Kitchen, are necessary to delete Your listings from classified telephone directories, disconnect, or, at Ghost Kitchen's option, assign the Ghost Kitchen all telephone numbers that have been used in the Ghost Kitchen restaurant, and terminate all other references that indicate You are or ever were affiliated with Ghost Kitchen or a Ghost Kitchen restaurant. By signing this Agreement, You irrevocably appoint Ghost Kitchen as Your attorney-in-fact to take the actions described in this paragraph if You do not do so Yourself within seven (7) days after termination of this Agreement. You further irrevocably assign Your telephone numbers listed on Exhibit A, or hereinafter acquired for the operation of Your Ghost Kitchen restaurant, to Ghost Kitchen.
- (e) You shall maintain all records required by Ghost Kitchen under this Agreement for a period of not less than five (5) years after final payment of any amounts You owe to Ghost Kitchen when this Agreement is terminated (or such longer period as required by applicable law).
- (f) Ghost Kitchen, or its designee, has an option to purchase the business from You, including but not limited to, any or all of the physical assets of the Ghost Kitchen restaurant, including its equipment, supplies and inventory, during a period of sixty (60) days following the effective date of termination. If Ghost Kitchen notifies You that it (or its designee) wishes to purchase the assets of the business from You following Termination of this Agreement, You must immediately surrender possession of the Ghost Kitchen restaurant to Ghost Kitchen or Its designee upon demand. Ghost Kitchen or its designee will operate the Ghost Kitchen restaurant at its expense pending determination of the purchase price as set forth below. The equipment, supplies, and inventory will be valued as follows:
  - i. The lower of depreciated value or fair market value of the equipment, supplies, and inventory; and
  - ii. Depreciated value of other tangible personal property calculated on the straight-line method over a five (5) year life, less any liens or encumbrances.

Ghost Kitchen must send written notice to You within thirty (30) days after termination of this Agreement of its (or its designee's) election to exercise the option to purchase. If the parties do not agree on a price within the option period, the option period may be extended for up to fifteen (15) business days to permit appraisal by an independent appraiser who is mutually satisfactory to the parties. If the parties fail to agree upon an appraiser within the specified period, each will appoint an appraiser and the two appraisers thus appointed must agree on a third appraiser within ninety (90) days after termination who must determine the price for the physical assets of the Ghost Kitchen restaurant in accordance with the standards specified above. This determination will be final and binding upon both Ghost Kitchen, or Ghost Kitchen's designee, as applicable, and You.

Ghost Kitchen or its designee may exclude from the assets appraised any signs, equipment, inventory, and materials that are not reasonably necessary (in function or quality) to the operation of the Ghost Kitchen restaurant, or that Ghost Kitchen has not approved as meeting Ghost Kitchen's then-current standards, the purchase price determined by the appraisal will reflect such exclusions (the "Purchase Price").

The Purchase Price shall be paid at a closing date not later than ninety (90) days after determination. Ghost Kitchen has the right to offset against the Purchase Price any and all amounts that You or Your Related Parties owe Ghost Kitchen and/or its Related Parties. At closing, You agree to deliver instruments transferring (i) good and marketable title to the assets purchased, free and clear of all liens and encumbrances, with all sales and transfer taxes paid by You (ii) all licenses and permits related to the business which can be assigned, (iii) the leasehold interest in the Approved Location, (iv) a release agreement signed by You and Your Related Parties in a form and substance acceptable to Ghost Kitchen, and (v) such other documentation as we may reasonably request.

- (g) Ghost Kitchen (or its designee) has an option to replace You as lessee under any equipment lease or note for equipment that is used in connection with the Ghost Kitchen restaurant. Upon request by Ghost Kitchen, You shall give Ghost Kitchen or its designee copies of the leases for all equipment used in the Ghost Kitchen restaurant immediately upon termination. Upon request by Ghost Kitchen, You shall allow Ghost Kitchen and/or its designee the opportunity, at a mutually satisfactory time, to inspect the leased equipment. Ghost Kitchen must request the information and access described in this paragraph within fifteen (15) days after termination. It must advise You of its (or its designee's) intention to exercise the option within fifteen (15) days after it has received the information and/or inspected the equipment. Ghost Kitchen or its designee may assume any equipment lease in consideration of its assumption of future obligations under the lease. Upon exercise of this option by Ghost Kitchen or its designees, You shall be fully released and discharged from future rents and other future liabilities under the lease if the terms

of the lease permit it, but not from any debts to the lessor that already exist on the date when the option is exercised.

- (h) If Ghost Kitchen declines to exercise the option, purchase, or assume the lease on Your equipment, You may sell it to either another Ghost Kitchen franchisee or, with Ghost Kitchen's prior written approval, You may de-brand the equipment and sell it to a non-franchisee.
- (i) You may not sell, or in any way divulge, the client list of Your Ghost Kitchen restaurant.
- (j) If the premises are leased from a third-party, and if Ghost Kitchen elects, you shall immediately assign your interest in the lease to Ghost Kitchen or its designee and immediately surrender possession of the premises to Ghost Kitchen. You are and shall remain liable for all of your obligations accruing up to the effective date of any lease agreement.
- (k) Franchisee and its Related Parties shall abide by the post-termination restrictive covenants in Section 8.6 of this Agreement.

#### **10.4 No Limitation of Remedies**

No right or remedy conferred upon or reserved to Ghost Kitchen (including as set forth in Section 10.3 above) is intended to be, nor shall be deemed exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy. Nothing herein shall be construed to deprive Ghost Kitchen of the right to recover damages as compensation for lost future profits. Termination of this Agreement will not end any obligation of either party that has come into existence before termination. All obligations of the parties which, by their terms, or by reasonable implication are to be performed in whole or in part after termination, shall survive termination.

### **11. MISCELLANEOUS PROVISIONS**

#### **11.1 Construction of Contract**

Section headings in this Agreement are for reference purposes only and will not in any way modify the statements contained in any section of this Agreement. Each word in this Agreement may be considered to include any number or gender that the context requires.

#### **11.2 Governing Law, Venue and Jurisdiction**

**11.2.1** This Agreement shall take effect upon its acceptance and execution by Ghost Kitchen. Except to the extent governed by the United States Arbitration Act (9 U.S.C. § 1, et seq.), and the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C § 1050, et seq.), this Agreement, the franchise, and all claims arising from or in any way related to the relationship between Ghost Kitchen, and/or any of its Related Parties, on the one

hand, and you, and any of your owners, guarantors and/or affiliates, on the other hand, shall be interpreted and construed under the laws of the State of Delaware, which laws shall prevail in the event of any conflict of law, except that any law regulating the sale of franchises or governing the relationship of a franchisor and its franchise, will not apply unless jurisdictional requirements are met independently without reference to this paragraph.

**11.2.2** In the event the arbitration clause set forth in Section 11.8 is inapplicable or unenforceable, and subject to Ghost Kitchen's rights, as outlined in Section 11.9, the following provision shall govern: The parties hereby expressly agree that the Eleventh Circuit Court of Delaware, or if such court lacks subject matter jurisdiction, the United States District Court for the Southern District of Delaware, shall be the exclusive venue and exclusive proper forum in which to adjudicate any case or controversy arising out of or related to, either directly or indirectly, this Agreement, ancillary agreements, or the business relationship between the parties. The parties further agree that, in the event of such litigation, they will not contest or challenge the jurisdiction or venue of these courts. You acknowledge that this Agreement has been entered into in the State of Delaware and that you are to receive valuable and continuing services emanating from Ghost Kitchen's headquarters in Delaware. Without limiting the generality of the foregoing, the parties waive all questions of jurisdiction or venue for the purposes of carrying out this provision.

### **11.3 Notices**

The parties to this Agreement shall direct any notices to the other party at the Delivery Address specified below that party's name on the final page of this Agreement, or at another address if advised in writing that the address has been changed. The parties shall notify each other in writing of any Delivery Address changes. Notices may be delivered by facsimile (with simultaneous mailing of a copy by first class mail), by electronic mail (with simultaneous mailing of a copy by certified mail), courier, federal express, or first class mail. Notice by facsimile and electronic mail will be considered delivered upon submission, by courier, upon delivery, and by certified mail three days after posting. Any notice by a means which affords the sender evidence of delivery or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

### **11.4 Amendments**

This Agreement may be amended only by a document signed by all of the parties to this Agreement or by their authorized agents.

### **11.5 No Waivers**

No delay, waiver, omission or forbearance on the part of Ghost Kitchen to exercise any right, option, duty, or power arising out of any breach of default by You under any of the terms, provisions, covenants, or conditions hereof shall constitute a waiver by Franchisor to enforce any such right, option, duty, or power as against You or as to subsequent breach or default by You. Subsequent acceptance by Ghost Kitchen or any payments due to it hereunder shall not be deemed to be a waiver by Ghost Kitchen of any preceding breach by You of any terms, provisions, covenants, or conditions of this Agreement.

## **11.6 Integration**

This Agreement and all exhibits to this Agreement, constitute the entire agreement between the parties. This Agreement supersedes any and all prior negotiations, understandings, representations, and agreements. No representations have induced You to execute this Agreement with Ghost Kitchen. Except for those permitted to be made unilaterally by Ghost Kitchen hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require You to waive reliance on any representation that Ghost Kitchen made in the most recent disclosure document (including its exhibits and amendments) (the “FDD”) that Ghost Kitchen delivered to You or your Your representative, subject to any agreed-upon changes to the contract terms and conditions described in that disclosure document and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement).

You acknowledge that you are entering into this Agreement as a result of your own independent investigation and not as a result of any representations (with the exception of those representations made in the FDD) made by Ghost Kitchen, its members, managers, officers, directors, employees, agents, representatives or independent contractors that are contrary to the terms set forth in this Agreement. You acknowledge that the FDD you received contained a copy of this Franchise Agreement and that you reviewed the FDD and Franchise Agreement at least fourteen (14) days (or such other time as applicable law requires) before you signed this Agreement. You further understand, acknowledge, and agree that any information you obtain from any Ghost Kitchen franchisee, including relating to their sales, profit, cash flows, and/or expenses, does not constitute information obtained from Ghost Kitchen, nor does Ghost Kitchen make any representation as to the accuracy of any such information.

## **11.7 Negotiation and Mediation**

### **11.7.1 Agreement to Use Procedure**

The parties have reached this Agreement in good faith and in the belief that it is mutually advantageous to them. In the same spirit of cooperation, they pledge to try to resolve any dispute without litigation or arbitration. Other than an action by Ghost Kitchen under Section 11.9 of this Agreement, the parties agree that if any dispute arises between them, before beginning any legal action or arbitration to interpret or enforce this Agreement, they will first follow the procedures described in this section. Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintaining any legal action or arbitration to interpret or enforce this Agreement.

### **11.7.2 Initiation of Procedures**

The party that initiates these procedures (“Initiating Party”) must give written notice to the other party, describing in general terms the nature of the dispute, specifying the Initiating Party’s claim

for relief including the damages sought, and identifying one or more persons with authority to settle the dispute for him, her, or them. The party receiving the notice (“Responding Party”) has seven (7) days within which to designate by written notice to the Initiating Party one or more persons with authority to settle the dispute on the Responding Party’s behalf (the “Authorized Persons”).

### **11.7.3 Direct Negotiations**

The Authorized Persons may investigate the dispute as they consider appropriate but agree to meet in-person at a location designated by Ghost Kitchen within seven (7) days from the date of the designation of Authorized Persons to discuss resolution of the dispute. The Authorized Persons may meet at any times and places, and as often as they agree. If the dispute has not been resolved within ten (10) days after their initial meeting, either party may begin mediation procedures by giving written notice to the other party that it is doing so.

### **11.7.4 Selection of Mediator**

The Authorized Persons will have seven (7) days from the date on which one party gives notice that he, she, or they are beginning mediation within which to submit to one another written lists of acceptable mediators who are not associated with either of the parties. Within seven (7) days from the date of receipt of any list, the Authorized Persons must rank all the mediators in numerical order of preference and exchange the rankings. If one or more names are on both lists, the highest ranking one of these will be designated the mediator. If this process does not result in selection of a mediator, the parties agree jointly to request the arbitral organization designated in Section 11.8 to supply a list of qualified potential mediators. Within seven (7) days after receipt of the list, the parties must again rank the proposed mediators in numerical order of preference and must simultaneously exchange their lists. The mediator having the highest combined ranking shall be appointed as mediator. If the highest ranking mediator is not available to serve, the parties must go on to contact the mediator who was next highest in ranking until they are able to select a mediator.

### **11.7.5 Time and Place for Mediation**

In consultation with the parties, the mediator shall promptly designate a mutually acceptable time and place for the mediation. Unless circumstances make it impossible, the time may not be later than thirty (30) days after selection of the mediator.

### **11.7.6 Exchange of Information**

If either party to this Agreement believes he, she, or they need information in the possession of another party to this Agreement to prepare for the mediation, all parties must attempt in good faith to agree on procedures for an exchange of information, with the help of the mediator, if required.

### **11.7.7 Summary of Views**

At least seven (7) days before the first scheduled mediation session, each party must deliver to the mediator, and to the other party, a concise written summary of its views on the matter in dispute and on any other matters that the mediator asks them to include. The mediator may also request that each party submit a confidential paper on relevant legal issues, which may be limited in length by the mediator, to him or her.

### **11.7.8 Representatives**

In the mediation, each party must be represented by an Authorized Person, who must physically attend mediation, and may be represented by counsel. In addition, each party may, with permission of the mediator, bring with him, her, or them any additional persons who are needed to respond to questions, contribute information, and participate in the negotiations.

### **11.7.9 Conduct of Mediation**

The mediator shall advise the parties in writing of the format for the meeting or meetings. If the mediator believes it will be useful, after reviewing the position papers, the mediator shall give both himself or herself and the Authorized Persons an opportunity to hear an oral presentation of each party's views on the matter in dispute. The mediator shall assist the Authorized Persons to negotiate a resolution of the matter in dispute, with or without the assistance of counsel or others. To this end, the mediator is authorized both to conduct joint meetings and to attend separate private caucuses with the parties.

All mediation sessions will be strictly private. The mediator must keep confidential all information learned unless specifically authorized by the party from which the information was obtained to disclose the information to the other party. The parties commit to participate in the proceedings in good faith with the intention of resolving the dispute if at all possible.

### **11.7.10 Termination of Procedure**

The parties agree to participate in the mediation procedure to its conclusion as set forth in this section. The mediation may be concluded (1) by the signing of a settlement agreement by the parties, (2) by the mediator's declaration that the mediation is terminated, or (3) by a written declaration of either party, no earlier than at the conclusion of a full day's mediation, that the mediation is terminated. Even if the mediation is terminated without resolving the dispute, the parties agree not to terminate negotiations and not to begin any legal action or seek another remedy before the expiration of five (5) days following the mediation. A party may begin arbitration within this period only if the arbitration might otherwise be barred by an applicable statute of limitations or in order to request an injunction from a Court of competent jurisdiction to prevent irreparable harm.

### **11.7.11 Fees of Mediator, Disqualification**

The fees and expenses of the mediator must be shared equally by the parties. The mediator may not later serve as a witness, consultant, expert or counsel for any party with respect to the dispute, or any related or similar matter in which either of the parties is involved.

### **11.7.12 Confidentiality**

The mediation procedure is a compromise negotiation or settlement discussion for purposes of federal and state rules of evidence. The parties agree that no stenographic, visual or audio record of the proceedings may be made. Any conduct statement, promise, offer, view or opinion, whether oral or written, made in the course of the mediation by the parties, their agents or employees, or the mediator, is confidential and shall be treated as privileged. No conduct, statement, promise, offer, view or opinion made in the mediation procedure is discoverable or admissible in evidence for any purpose, not even impeachment, in any proceeding involving either of the parties. However, evidence that would otherwise be discoverable or admissible will not be excluded from discovery or made inadmissible simply because of its use in the mediation.

## **11.8 Arbitration**

Except as provided in Section 11.9, and if not resolved by the negotiation and mediation procedures described in Section 11.7 above, any dispute, controversy, or claim between you and/or any of your Related Parties, on the one hand, and Ghost Kitchen and/or any of Ghost Kitchen's Related Parties, on the other hand, including, without limitation, any dispute, controversy, or claim arising under, out of, in connection with, or related to: (a) this Agreement; (b) the relationship of the parties; (c) the events leading up to the execution of this Agreement; (d) any loan or other finance arrangement between you and Ghost Kitchen or its Related Parties; (e) the parties' relationship; (f) any System standard; (g) any claim based in tort or any theory of negligence; and/or (j) the scope or validity of the arbitration obligation under this Agreement, shall be determined in New Castle County, Delaware, by the American Arbitration Association ("AAA"). This arbitration clause will not deprive Ghost Kitchen of any right it may otherwise have to seek provisional injunctive relief from a court of competent jurisdiction.

**11.8.1** The arbitration will be administered by the AAA pursuant to its Commercial Arbitration Rules then in effect by one (1) arbitrator. The arbitrator shall be an attorney with substantial experience in franchise law. If proper notice of any hearing has been given, the arbitrator will have full power to proceed to take evidence or to perform any other acts necessary to arbitrate the matter in the absence of any party who fails to appear.

**11.8.2** In connection with any arbitration proceeding, each party will submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be forever barred.

**11.8.3** Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action, associational



action, or otherwise to join or consolidate any claim with any claim or any other proceeding involving third-parties. If a court or arbitrator determines that this limitation on joinder of, or class action certification of claims is unenforceable then the agreement to arbitrate the dispute will be null and void and the parties must submit all claims to the jurisdiction of the courts in accordance with Section 11.8. The arbitration must take place in New Castle County, Delaware, or at such other location as Ghost Kitchen designates.

**11.8.4** The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or Ghost Kitchen. The arbitrator may not, under any circumstance, (a) stay the effectiveness of any pending termination of this Agreement, (b) assess punitive or exemplary damages, (c) certify a class or a consolidated action, or (d) make any award which extends, modifies or suspends any lawful term of this Agreement, or any reasonable standard of business performance that Ghost Kitchen sets. The arbitrator will have the right to make a determination as to any procedural matters as would a court of competent jurisdiction be permitted to make in the state in which the main office of Ghost Kitchen is located. The arbitrator will also decide any factual, procedural, or legal questions relating in any way to the dispute between the parties, including, but not limited to, any decision as to whether Section 11.8 is applicable and enforceable as against the parties, subject matter, timeliness, scope, remedies, unconscionability, and any alleged fraud in the inducement.

**11.8.5** The arbitrator can issue summary orders disposing of all or part of a claim, and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction.

**11.8.6** The arbitrator will have subpoena powers limited only by the laws of the State of Delaware.

**11.8.7** The parties ask that the arbitrator limit discovery to the greatest extent possible consistent with basic fairness in order to minimize the time and expense of arbitration. The parties to the dispute will otherwise have the same discovery rights as are available in civil actions under the laws of the State of Delaware.

**11.8.8** All other procedural matters will be determined by applying the statutory common laws and rules of procedure that control a court of competent jurisdiction in the state of Delaware.

**11.8.9** Other than as may be required by law, the entire arbitration proceedings (including but not limited to, any rulings, decisions or orders of the arbitrator), will remain confidential and will not be disclosed to anyone other than the parties to this Agreement.

**11.8.10** The judgment of the arbitrator on any preliminary or final arbitration award will be final and binding and may be entered in any court having jurisdiction.

**11.8.11** Ghost Kitchen reserves the right, but has no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished Ghost Kitchen's right to seek recovery of those costs against you.

**11.8.12** The Arbitrator shall render a reasoned award unless otherwise requested by the parties. If Ghost Kitchen requests a more detailed award, i.e. "findings of fact and conclusions of law," the parties shall evenly split the excess cost above the cost required for a reasoned award. However, if You request an award more detailed than a reasoned award, i.e. "findings of facts and conclusions of law," You shall bear the entire additional cost required for such award, which cost is above the cost for a reasoned award.

**11.8.13** Should Ghost Kitchen prevail in any arbitration, the Arbitrator shall require You to pay all expenses of Arbitration, as well as Ghost Kitchen's attorneys' fees and costs.

## **11.9 Exceptions to Arbitration and Mediation**

**11.9.1** Notwithstanding the provisions of Sections 11.7 and 11.8 of this Agreement, Ghost Kitchen shall be entitled, with a bond of not more than \$10,000, to the entry of temporary, preliminary and permanent injunctions, and orders of specific performance, enforcing the provisions of this Agreement in any court of competent jurisdiction relating to: (a) Your, and/or any of Your Related Party's, use of the Marks; (b) Your confidentiality and non-competition covenants (Section 8); (c) Your obligations upon termination or expiration of the franchise; or (d) Transfer or assignment by You. If Ghost Kitchen secures any such injunction (i.e. temporary restraining order, preliminary injunction, or permanent injunction) or order of specific performance, you agree to pay to Ghost Kitchen an amount equal to the aggregate of Ghost Kitchen's costs of obtaining such relief including, without limitation, reasonable attorneys' fees, costs of investigation and proof of facts, court costs, other litigation expenses, travel and living expenses, and any damages incurred by Ghost Kitchen as a result of the breach of any such provision.

**11.9.2** Further, at the election of Ghost Kitchen or its affiliate, the mediation and arbitration provisions of Sections 11.7 and 11.8, inclusive of all subparts, shall not apply to: (a) any claim by Ghost Kitchen relating to your failure to pay any fee due to Ghost Kitchen under this Agreement; and/or (b) any claim by Ghost Kitchen or its affiliate relating to use of the Proprietary Marks and/or the System, including, without limitation, claims for violations of the Lanham Act; and/or (c) any claim by Ghost Kitchen relating to a breach of your confidentiality and/or non-competition obligations under this Agreement.

## **11.10 Injunctive Remedy for Breach**

You recognize that You are a member of a Franchise Network and that Your acts and omissions may have a positive or negative effect on the success of other businesses operating under Ghost Kitchen's Trade Name and in association with its Marks. Failure on the part of a single franchisee to comply with the terms of its Franchise Agreement is likely to cause irreparable damage to Ghost Kitchen and to some or all of the other franchisees of Ghost Kitchen. For this reason, You agree

that if Ghost Kitchen can demonstrate to a court of competent jurisdiction that there is a substantial likelihood of Your breach or threatened breach of any of the terms of this Agreement, Ghost Kitchen will be entitled to an injunction restraining the breach or to a decree of specific performance, without showing or proving any actual damage and without the necessity of posting bond or other security, any bond or other security being waived hereby. Franchisor has the exclusive right to seek relief pursuant to this section in a court of competent jurisdiction as defined in section 11.2.2 of this Agreement or any other court of competent jurisdiction. Notwithstanding, if any Court of competent jurisdiction, as described herein, determines that a bond or other security is required, You agree that you will not seek bond or security in excess of \$10,000 and, in fact, will oppose any effort by a Court to impose a bond or security in excess of \$10,000.

### **11.11 Limitations of Actions**

You may not maintain an arbitration against the Franchisor or its Related Parties unless: (a) You deliver written notice of any claim to the other party within one hundred eighty (180) days after the event complained of becomes known to You, or when you should have known of said event had you been reasonably diligent; (b) thereafter, You must follow the negotiation and mediation procedures described above; and (c) You file an arbitration within one (1) year after the notice is delivered. While this Section 11.11 may limit the applicable statute of limitations, it is not intended to extend any applicable statute of limitation in any way. The limitations set forth in this Section 11.11 shall not apply to Ghost Kitchen, its affiliates or its Related Parties.

### **11.12 Attorneys' Fees and Costs**

If legal action or arbitration is necessary, including any motion to compel arbitration, or action on appeal, to enforce the terms and conditions of this Agreement, or for violation of this Agreement, Ghost Kitchen will be entitled to recover reasonable compensation for preparation, investigation costs, court costs, arbitral costs, and reasonable accountants, attorneys, attorneys' assistants, and expert witness fees incurred by Ghost Kitchen. Further, if Ghost Kitchen is required to engage legal counsel in connection with any failure by You to comply with this Agreement, You shall reimburse Ghost Kitchen for any of the above-listed costs and expenses incurred by Ghost Kitchen, regardless of whether Ghost Kitchen files or compels mediation, arbitration or litigation.

### **11.13 Severability**

Except as expressly provided to the contrary herein, each portion, section, part term, and/or provision of this Agreement shall be considered severable, and if for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of or have any other effect upon, such other portions sections parts terms, and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto, and said invalid portions, sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement.

#### **11.14 Individual Dispute Resolution – No Class Action or Multi-Party Actions**

Any legal action between or among the parties to this Agreement and any of their Related Parties shall be conducted on an individual basis and not on a consolidated or class-wide basis.

#### **11.15 Waiver of Rights**

THE PARTIES HERETO AND EACH OF THEM KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY AGREE AS FOLLOWS:

**11.15.1 Jury Trial.** The parties hereto and each of them EXPRESSLY WAIVE(S) THE RIGHT ANY MAY HAVE TO A TRIAL BY JURY IN ANY ARBITRATION, ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INCLUDING, WITHOUT LIMITATION, FOR ANY CLAIMS RELATING DIRECTLY OR INDIRECTLY TO THIS AGREEMENT, THE NEGOTIATION OF THIS AGREEMENT, THE EVENTS LEADING UP TO THE SIGNING OF THIS AGREEMENT, OR THE BUSINESS RELATIONSHIP RELATING TO THIS AGREEMENT OR THE FRANCHISE, WHETHER BROUGHT IN STATE OR FEDERAL COURT, WHETHER BASED IN CONTRACT THEORY, NEGLIGENCE OR TORT, AND REGARDLESS OF WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING. This waiver is effective even if a court of competent jurisdiction decides that the arbitration provision in Section 11.8 is unenforceable. Each party acknowledges that it has had full opportunity to consult with counsel concerning this waiver, and that this waiver is informed, voluntary, intentional, and not the result of unequal bargaining power.

**11.15.2 Damages Waiver.** The parties hereto and each of them EXPRESSLY WAIVE(S) ANY CLAIM FOR PUNITIVE, MULTIPLE AND/OR EXEMPLARY DAMAGES, *except that* this waiver and limitation shall not apply with respect to (a) your obligation to indemnify Ghost Kitchen pursuant to any provision of this Agreement, and/or (b) any claims Ghost Kitchen brings against you and/or your guarantors for unauthorized use of the Marks, unauthorized use or disclosure of any Confidential Information, unfair competition, breach of the non-competition covenant and any other cause of action under the Lanham Act and Ghost Kitchen shall be entitled to receive an award of multiple damages, attorneys' fees and all damages as provided by law.

**11.15.3** The parties hereto and each of them EXPRESSLY AGREE(S) THAT IN THE EVENT OF ANY FINAL DETERMINATION ADJUDICATION OR APPLICABLE ENACTMENT OF LAW THAT PUNITIVE MULTIPLE AND/OR EXEMPLARY DAMAGES MAY NOT BE WAIVED, ANY RECOVERY BY ANY PARTY IN ANY ARBITRATION OR OTHER FORUM SHALL NEVER EXCEED TWO (2) TIMES ACTUAL DAMAGES, *except that* GHOST KITCHENS may recover more than two (2) times its actual damages if you commit acts of willful trademark infringement or otherwise violate the Lanham Act, as provided by law.

**11.15.4.** You hereby expressly waive any and all rights, actions or claims for relief under the Federal Act entitled “Racketeer Influenced and Corrupt Organizations,” 18 U.S.C. § 1961, *et seq.* (“RICO”).

**11.15.5** You hereby expressly agree that the existence of any claims You may have against Ghost Kitchen or its Related Parties, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Ghost Kitchen of the covenants contained in this Agreement. You agree to pay all costs and expenses, including reasonable attorneys’ fees, incurred by Ghost Kitchen in connection with the enforcement of any covenant contained in this Agreement.

**11.16 Approval and Guaranty Provision**

If You are a corporation, all officers and shareholders, or, if You are a partnership, all Your general partners, or, if You are a limited liability company, all Your members, shall approve this Agreement, permit You to furnish the financial information required by Ghost Kitchen, and agree to the restrictions placed on them including restrictions on the transferability of their interests in the franchise and the Ghost Kitchen restaurant and limitations on their rights to compete, and sign separately a Guaranty, guaranteeing Your payments and performance. Where required to satisfy our standards of creditworthiness, or to secure the obligations made under this Agreement, Your spouse or the spouses of Your Related Parties may be asked to sign the Guaranty. Our form of Guaranty appears as Exhibit C to this Agreement.

**11.17 Acceptance by Ghost Kitchen**

This Agreement will not be binding on Ghost Kitchen unless and until an authorized management officer of Ghost Kitchen has signed it.

**11.18 Disclaimer of Representations**

NO SALESPERSON, REPRESENTATIVE OR OTHER PERSON HAS THE AUTHORITY TO BIND OR OBLIGATE US EXCEPT OUR AUTHORIZED MANAGEMENT OFFICER BY A WRITTEN DOCUMENT. YOU ACKNOWLEDGE THAT NO REPRESENTATIONS, PROMISES INDUCEMENTS, GUARANTEES OR WARRANTIES OF ANY KIND WERE MADE BY US OR ON OUR BEHALF WHICH HAVE LED YOU TO ENTER INTO THIS AGREEMENT. YOU UNDERSTAND THAT WHETHER YOU SUCCEED AS A FRANCHISEE IS DEPENDENT UPON YOUR EFFORTS, BUSINESS JUDGMENTS, THE PERFORMANCE OF YOUR EMPLOYEES, MARKET CONDITIONS AND VARIABLE FACTORS BEYOND OUR CONTROL OR INFLUENCE. YOU FURTHER UNDERSTAND THAT SOME FRANCHISEES ARE MORE OR LESS SUCCESSFUL THAN OTHER FRANCHISEES AND THAT WE HAVE MADE NO REPRESENTATION THAT YOU WILL DO AS WELL AS ANY OTHER FRANCHISEE. YOU UNDERSTAND THAT GHOST KITCHENS IS NOT A FIDUCIARY AND HAS NO SPECIAL RESPONSIBILITIES BEYOND THE NORMAL RESPONSIBILITIES OF A SELLER IN A BUSINESS TRANSACTION.

### **11.19 Receipt**

The undersigned acknowledges receipt of this Agreement and the Franchise Disclosure Document, with exhibits, at least fourteen (14) calendar days (unless otherwise required by applicable law) before execution of this Agreement or Your payment of any monies to us refundable or otherwise.

### **11.20 Opportunity for Review by Your Advisors**

You acknowledge that we have recommended, and that You have had the opportunity to obtain a review of this Agreement, and our Franchise Disclosure Document, by Your lawyer, accountant or other business advisor before execution hereof.

### **11.21 Execution of Agreements**

Each of the undersigned parties warrants that it has the full authority to sign this Agreement. If You are a partnership, limited liability company or corporation, the person executing this agreement on behalf of such partnership, limited liability company or corporation warrants to us, both individually and in his capacity as partner member, manager or officer, that all of the partners of the partnership all of the members or managers of the limited liability company, or all of the shareholders of the corporation, as applicable, have read and approved this Agreement, including any restrictions which this Agreement places upon rights to transfer their interest in the partnership limited liability company or corporation.

### **11.22 Independent Investigation**

You acknowledge that You have conducted an independent investigation of the franchised business contemplated by this Agreement and recognize that it involves business risks which make the success of the venture largely dependent upon Your business abilities and efforts. You acknowledge that You have been given the opportunity to clarify any provision of this Agreement that You may not have initially understood and that we have advised You to have this Agreement reviewed by an attorney.

### **11.23 No Guarantee of Earnings**

You understand that neither Ghost Kitchen nor any of our representatives and/or agents with whom You have met have not made and are not making any guarantees, express or implied, as to the extent of Your success in Your franchised business and have not and are not in any way representing or promising any specific amounts of earnings or profits in association with Your franchised business.

### **11.24 No Personal Liability**

You agree that fulfillment of any and all of our obligations written in this Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be Ghost Kitchen's sole responsibility and none of its agents, representatives, nor any individuals associated with it shall be personally liable to You for any reason.

**11.25 Non-Uniform Agreements**

Ghost Kitchen makes no representations or warranties that all other agreements with Ghost Kitchen System franchisees entered into before or after the Effective Date do or will contain terms substantially similar to those contained in this Agreement. You recognize, acknowledge and agree that Ghost Kitchen may waive or modify comparable provisions of other Franchise Agreements granted to other System franchisees in a non-uniform manner.

IN WITNESS TO THE PROVISIONS OF THIS FRANCHISE AGREEMENT, the undersigned have signed this Agreement on the date set forth in Section 1 hereof.

**FRANCHISOR:**

GKA FRANCHISING INC.  
doing business as Ghost Kitchens

By: \_\_\_\_\_  
Name: Massimo Noja De Marco  
Title: Chief Executive Officer  
Date: \_\_\_\_\_

**Delivery Addresses for Notices:**

GKA Franchising Inc.  
2150 Chili Avenue  
Rochester, New York 14264

Evan M. Goldman, Esquire  
Greenspoon Marder LLP  
1037 Raymond Boulevard, Suite 900  
Newark, New Jersey 07102

**FRANCHISEE:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Delivery Address for Notices:**

**EXHIBIT A TO GHOST KITCHENS FRANCHISE AGREEMENT**

**FRANCHISE DATA SHEET**

1. The Effective Date set forth in the introductory Paragraph of the Franchise Agreement is: \_\_\_\_\_, 20\_\_.

2. The Franchise Owner set forth in the introductory Paragraph of the Franchise Agreement is: \_\_\_\_\_.

3. The address for notice and payments to Franchise Owner under of the Franchise Agreement is:

\_\_\_\_\_  
\_\_\_\_\_

4. Your site is located at:

5. Your Territory is the following geographic area:

If map is attached, check here: \_\_\_\_\_



**EXHIBIT B TO GHOST KITCHENS FRANCHISE AGREEMENT**

**STATEMENT OF OWNERSHIP**

Franchise: \_\_\_\_\_

Trade Name (if different than above): \_\_\_\_\_

Form of Ownership  
(Check One)

Individual     Partnership     Corporation     Limited Liability Company

If a Partnership, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a Corporation, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a Limited Liability Company, give the state and date of formation, the name of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of Formation: \_\_\_\_\_

Management (managers, officers, board of directors, etc.):

Name	Title

Members, Stockholders, Partners:

Name	Role	Ownership Percentage

**Principal Manager.** The following individual is hereby designated the “Principal” of the Franchise business. GKA Franchising Inc., and all of its vendors, suppliers, and associates may rely entirely on instructions from said Principal on behalf of the aforesaid franchise, to the exclusion of, and overriding, instructions from anyone else purporting to represent the franchise.

The only accepted method to change the identification of the Principal is to produce a signed statement to that effect, signed by 100% of the owners of the Franchise.

Name of Principal: \_\_\_\_\_

Franchisee acknowledges that this Statement of Ownership applies to the Ghost Kitchen Business authorized under the Franchise Agreement.

Use additional sheets if necessary. Any and all changes to the above information must reported to Franchisor in writing.

**FRANCHISEE:**

Business Entity Name (if any):

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **EXHIBIT C TO GHOST KITCHENS FRANCHISE AGREEMENT**

### **PRINCIPAL OWNER'S GUARANTY**

This Guaranty must be signed by each of the principal owners, and their spouses, (referred to as “you” or “your” for purposes of this Guaranty only) of \_\_\_\_\_ (the “Business Entity”) under the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”) with GKA Franchising Inc., a Delaware limited liability company (“we,” “us,” or “our”).

1. **Incorporation of Terms.** Each term of the Agreement is incorporated into this Guaranty.

2. **Guaranty.** In consideration of and as an inducement to us signing and delivering the Agreement, each of you signing this Guaranty personally and unconditionally: guarantee to us and our successors and assigns that (a) the Business Entity will punctually pay and perform every obligation and obey every restriction and covenant set forth in the Agreement and (b) each of you agrees to be personally bound by, and personally liable for the breach of, each and every obligation, restriction and covenant in the Agreement.

3. **Payment.** If the Business Entity fails to make any payment when due or otherwise defaults under any of the terms of the Agreement, immediately upon demand, you will pay to us the full amount owed, plus any interest or penalty allowed under the Agreement. All payments are made without set-off, deduction or withholding for any reason, and are final and free from any defense, claim or counterclaim of you, except the defense that the Business Entity has paid all obligations in full.

4. **Waivers.** Each of you waives: (a) acceptance and notice of acceptance by us of your obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by you; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by you; (d) any right you may have to require that an action be brought against the Business Entity or any other person as a condition of your liability; (e) all rights to payments and claims for reimbursement or subrogation which you may have against the Business Entity arising as a result of your execution of and performance under this Guaranty; and (f) all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantors.

5. **Consents and Agreements.** Each of you consents and agrees that: (a) your direct and immediate liability under this Guaranty are joint and several; (b) you must render any payment or performance required under the Agreement upon demand if the Business Entity fails or refuses punctually to do so; (c) your liability will not be contingent or conditioned upon our pursuit of any remedies against the Business Entity or any other person; (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may periodically grant to the Business Entity or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence will in any way modify or amend this Guaranty; and (e) this Guaranty will

continue and is irrevocable during the term of the Agreement and, if required by the Agreement, after its termination or expiration.

6. **Enforcement Costs.** If we are required to enforce this Guaranty in any judicial or arbitration proceeding or any appeals, you must reimburse us for our enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorney's assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

7. **Effectiveness.** Your obligations under this Guaranty are effective on the Agreement Date, regardless of the actual date of signature. Terms not otherwise defined in this Guaranty have the meanings as defined in the Agreement. This Guaranty is governed by Delaware law and we may enforce our rights regarding it in the courts of New Castle County, Delaware. Each of you irrevocably submits to the jurisdiction and venue of such courts.

Each of you now signs and delivers this Guaranty effective as of the date of the Agreement regardless of the actual date of signature. Each of the undersigned Guarantors represents and warrants that, if no signature appears below for such Guarantor's spouse, such Guarantor is not married.

<b>Signature of Each Guarantor</b>	<b>Percentage of Ownership in Franchisee</b>
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

## **EXHIBIT D TO GHOST KITCHENS FRANCHISE AGREEMENT**

### **SAMPLE GENERAL RELEASE AGREEMENT WAIVER AND RELEASE OF CLAIMS**

This Waiver and Release of Claims (“Release”) is made as of \_\_\_\_\_, 20\_\_ by \_\_\_\_\_, a(n) \_\_\_\_\_ (“Franchisee”), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, “Releasor”) in favor of GKA Franchising Inc., a Delaware corporation (“Franchisor,” and together with Releasor, the “Parties”).

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement (“Agreement”) pursuant to which Franchisee was granted the right to own and operate a Ghost Kitchens kitchen (as defined in the Agreement);

WHEREAS, Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee, (enter into a successor Franchise Agreement) and Franchisor has consented to such transfer (agreed to enter into a successor Franchise Agreement); and

WHEREAS, as a condition to Franchisor’s consent to the transfer (Franchisee’s ability to enter into a successor Franchise Agreement), Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor’s consent to the transfer (Franchisor entering into a successor Franchise Agreement), and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. **Representations and Warranties.** Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. **Release.** Releasor and its subsidiaries, affiliates, parents, divisions, renewals and assigns and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries or related companies, divisions and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, renewals and assigns, and attorneys, and the spouses of such individuals (collectively, the “Released Parties”), from any and all claims, liabilities, damages, expenses, actions or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent,

suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto.

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business or their reputation.

4. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of Delaware.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorney fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, renewals, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

h. The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

IN WITNESS WHEREOF Releasor has executed this Release as of the date first written above.

Dated: \_\_\_\_\_, 20\_\_

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

FRANCHISEE'S OWNERS:

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

## EXHIBIT E TO GHOST KITCHENS FRANCHISE AGREEMENT

### NONDISCLOSURE, NONSOLICITATION AND NONCOMPETITION AGREEMENT

This Agreement (“Agreement”) is entered into by the undersigned (“you”) in favor of GKA Franchising Inc., a Delaware corporation, and its renewals and assigns (“us”), upon the terms and conditions set forth in this Agreement.

#### **1. Definitions.**

“*Competitive Business*” shall mean any and all businesses that are competitive with Ghost Kitchens kitchens, including, without limitation, any (a) business that operates a restaurant selling fresh, natural, vegan and gluten free food for consumption, (c) business offering Approved Products and Services of a similar nature to those of the Restaurant, or (d) business or entity which franchises, licenses or otherwise grants to others the right to operate such aforementioned businesses described in subparts (a)-(c) of this Section. Furthermore, the Restricted Parties shall not divert, or attempt to divert, any prospective customer to a Competing Business in any manner.

“*Copyrights*” means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Ghost Kitchens kitchen, whether now in existence or created in the future.

“*Franchisee*” means the Ghost Kitchens franchisee for whom you are an officer, director, employee or independent contractor.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a Ghost Kitchens kitchen, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies and information comprising the System and the Manual.

“*Manual*” means our confidential operations manual for the operation of a Ghost Kitchens kitchen.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Ghost Kitchens kitchen, including “Ghost Kitchens,” and any other trademarks, service marks or trade names that we designate for use by a Ghost Kitchens kitchen. The term “Marks” also includes any distinctive trade dress used to identify a Ghost Kitchens kitchen, whether now in existence or hereafter created.

“*Prohibited Activities*” means any or all of the following: (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant,



shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing (a) any of our employees or managers (or those of our affiliates or franchisees) to leave their position or (b) any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

*“Restricted Period”* means the two (2) year period after you cease to be a manager of Franchisee’s Ghost Kitchens kitchen; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the *“Restricted Period”* means the one (1) year period after you cease to be a manager or officer of Franchisee’s Ghost Kitchens kitchen.

*“Restricted Territory”* means the geographic area within: (i) a 25 mile radius from Franchisee’s Ghost Kitchens kitchen (and including the address of primary operation); and (ii) a 25 mile radius from all other Ghost Kitchens Business that are operating or under construction as of the beginning of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the *“Restricted Territory”* means the geographic area within a 15 mile radius from Franchisee’s Ghost Kitchens kitchen (and including the premises of the Restaurant).

*“System”* means our system for the establishment, development, operation and management of a Ghost Kitchens kitchen, including Know-how, proprietary programs and products, confidential operations manuals and operating system.

**2. Background.** You are an officer, director, or manager of Franchisee. As a result of this relationship, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

**3. Intellectual Property.** You agree: (i) you will not use the Know-how in any business or capacity other than a Ghost Kitchens Business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time-to-time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer a manager of Franchisee’s Ghost Kitchens kitchen. You further agree that you will not use the Intellectual Property for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

**4. Unfair Competition During Relationship.** You agree not to unfairly compete with us at any time while you are a manager of Franchisee’s Ghost Kitchens kitchen by engaging in any Prohibited Activities.

**5. Unfair Competition After Relationship.** You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply regarding a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity.

**6. Immediate Family Members.** You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (*i.e.*, spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member

**7. Covenants Reasonable.** You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**

**8. Breach.** You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Ghost Kitchens franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

**9. Miscellaneous.**

a. If we hire an attorney or file suit against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

b. This Agreement will be governed by, construed and enforced under the laws of Delaware and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

c. Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

d. You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

EXECUTED on the date stated below.

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

## EXHIBIT F TO GHOST KITCHENS FRANCHISE AGREEMENT

### SAMPLE CONFIDENTIALITY AGREEMENT

This Agreement (“Agreement”) is entered into by the undersigned (“you”) in favor of GKA Franchising Inc., a Delaware corporation, and its renewals and assigns (“us”), upon the terms and conditions set forth in this Agreement.

**1. Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

“*Ghost Kitchens kitchen*” means a business that operates a quick-service restaurant serving fresh and delicious dishes that are full of natural benefits, flavors and nutrients, such as poke bowls, cauliflower pizzas, organic acai, natural juices, smoothies, wraps & salads, protein plates, vegan & gluten free paninis.

“*Copyrights*” means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Ghost Kitchens Business, whether now in existence or created in the future.

“*Franchisee*” means the Ghost Kitchens franchisee for whom you are an officer, director, employee or independent contractor.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a Ghost Kitchens kitchen, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies and information comprising the System and the Manual.

“*Manual*” means our confidential operations manual for the operation of a Ghost Kitchens kitchen.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Ghost Kitchens kitchen, including “Ghost Kitchens,” and any other trademarks, service marks or trade names that we designate for use by a Ghost Kitchens kitchen. The term “Marks” also includes any distinctive trade dress used to identify a Ghost Kitchens kitchen, whether now in existence or hereafter created.

“*System*” means our system for the establishment, development, operation and management of a Ghost Kitchens kitchen, including Know-How, proprietary programs and products, confidential operations manuals and operating system.

**2. Background.** You are an employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

**3. Know-How and Intellectual Property.** You agree: (i) you will not use the Know-how in any business or capacity other than a Ghost Kitchens Business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time-to-time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer an officer, director, employee or independent contractor of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

**4. Immediate Family Members.** You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (*i.e.*, spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

**5. Covenants Reasonable.** You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**

**6. Breach.** You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Ghost Kitchens franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

**7. Miscellaneous.**

- a. If we hire an attorney or file suit against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.
- b. This Agreement will be governed by, construed and enforced under the laws of Delaware and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.
- c. Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

EXECUTED on the date stated below.

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**EXHIBIT G TO GHOST KITCHENS FRANCHISE AGREEMENT**

**SAMPLE APPROVAL OF REQUESTED ASSIGNMENT**

This Approval of Requested Assignment (“Agreement”) is entered into this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, between GKA Franchising Inc. (“Franchisor”), \_\_\_\_\_ (“Former Franchisee”), and \_\_\_\_\_ (“New Franchisee”).

RECITALS

WHEREAS, Franchisor and Former Franchisee entered into that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_ (“Franchise Agreement”), in which Franchisor granted Franchisor the right to operate a Ghost Kitchens franchise with a primary operating address of \_\_\_\_\_ (“Franchised Business”); and

WHEREAS, Former Franchisee desires to assign (“Requested Assignment”) the Franchised Business to New Franchisee from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants, promises and agreements herein contained, the parties hereto covenant, promise and agree as follows:

1. Payment of Fees. In consideration for the Requested Assignment, Former Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Franchise Agreement (“Franchisor’s Assignment Fee”).

2. Consent to Requested Assignment of Franchised Business. Franchisor hereby consents to the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon receipt of the Franchisor’s Assignment Fee from Former Franchisee and the mutual execution of this Agreement by all parties. Franchisor waives its right of first refusal set forth in the Franchise Agreement.

3. Termination of Rights to the Franchised Business. The parties acknowledge and agree that all of Former Franchisee’s rights to operate the Franchised Business and rights under the Franchise Agreement are hereby relinquished and that from the date of this Agreement only New Franchisee shall have the sole right to operate the Franchised Business. Former Franchisee and its owners agree to comply with all of the covenants in the Franchise Agreement that expressly or by implication survive the termination, expiration or transfer of the Franchise Agreement. Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor’s current form of General Release Agreement, which is attached to this Agreement as Attachment A.

4. New Franchise Agreement. New Franchisee shall execute Franchisor’s current form of Franchise Agreement and attachments for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), which is attached to this Agreement

as Attachment B, and any other required contracts for the operation of a Ghost Kitchens franchise as stated in Franchisor's Franchise Disclosure Document.

5. Franchisee's Contact Information. Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three (3) year period following the execution of this Agreement.

6. Acknowledgment by New Franchisee. New Franchisee acknowledges and agrees that the purchase of the rights to the Franchised Business ("Transaction") occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to the approval of Requested Assignment and any required actions regarding New Franchisee's signing of a new Franchise Agreement for the Franchised Business. New Franchisee agrees that any claims, disputes or issues relating New Franchisee's acquisition of the Franchised Business from Franchisee are between New Franchisee and Franchisee and shall not involve Franchisor.

7. Representation. Former Franchisee warrants and represents that it has not heretofore assigned, conveyed or disposed of any interest in the Franchise Agreement or Franchised Business. Buyer hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the new Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

8. Notices. Any notices given under this Agreement shall be in writing and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered.

9. Further Actions. Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Agreement, including any and all actions that may be required or contemplated by the Franchise Agreement.

10. Affiliates. When used in this Agreement, the term "Affiliates" has the meaning as given in Rule 144 under the Securities Act of 1933.

11. Miscellaneous. This Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

12. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware.

IN WITNESS WHEREOF, the parties have executed this Agreement under seal, with the intent that this be a sealed, as of the day and year first above written.



Dated: \_\_\_\_\_, 20\_\_

FRANCHISOR:

GKA Franchising Inc.

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_

FORMER FRANCHISEE:

\_\_\_\_\_  
\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_

NEW FRANCHISEE:

\_\_\_\_\_  
\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT G TO GHOST KITCHENS FRANCHISE AGREEMENT**  
**Attachment A**

**(INSERT Termination and Release Agreement)**

**EXHIBIT G TO GHOST KITCHENS FRANCHISE AGREEMENT**  
**Attachment B**

**(INSERT New Franchise Agreement to be Signed)**

## EXHIBIT H TO GHOST KITCHENS FRANCHISE AGREEMENT

### LEASE ADDENDUM

This Addendum to Lease, dated \_\_\_\_\_, 20\_\_\_\_, is entered into by and between \_\_\_\_\_ (“Lessor”), and \_\_\_\_\_ (“Lessee”).

A. The parties hereto have entered into a certain Lease Agreement, dated \_\_\_\_\_, 20\_\_\_\_, and pertaining to the premises located at \_\_\_\_\_ (“Lease”).

B. Lessor acknowledges that Lessee intends to operate a Ghost Kitchen franchise from the leased premises (“Premises”), pursuant to a Franchise Agreement (“Franchise Agreement”) with GKA Franchising Inc. (“Franchisor”) under the name “Ghost Kitchen” or other name designated by Franchisor (hereinafter referred to as “Franchised Business” or “Franchise Business”).

C. The parties now desire to amend the Lease in accordance with the terms and conditions contained herein.

NOW THEREFORE, it is hereby mutually covenanted and agreed between Lessor and Lessee as follows:

1. **Assignment.** Lessee shall have the right to assign all of its right, title and interest in the Lease to Franchisor or its parent, subsidiary, or affiliate (including another franchisee) at any time during the term of the Lease, including any extensions or renewals thereof, without first obtaining Lessor’s consent in accordance with the Collateral Assignment of Lease attached hereto as Attachment 1. However, no assignment shall be effective until the time as Franchisor or its designated affiliate gives Lessor written notice of its acceptance of the assignment, and nothing contained herein or in any other document shall constitute Franchisor or its designated subsidiary or affiliate a party to the Lease, or guarantor thereof, and shall not create any liability or obligation of Franchisor or its parent unless and until the Lease is assigned to, and accepted in writing by, Franchisor or its parent, subsidiary or affiliate. In the event of any assignment, Lessee shall remain liable under the terms of the Lease. Franchisor shall have the right to reassign the Lease to another franchisee without the Landlord’s consent in accordance with Section 3(a).

2. **Default and Notice.**

a. In the event there is a default or violation by Lessee under the terms of the Lease, Lessor shall give Lessee and Franchisor written notice of the default or violation within a reasonable time after Lessor receives knowledge of its occurrence. If Lessor gives Lessee a default notice, Lessor shall contemporaneously give Franchisor a copy of the notice. Franchisor shall have the right, but not the obligation, to cure the default. Franchisor will notify Lessor whether it intends to cure the default and take an automatic assignment of Lessee’s interest as provided in Paragraph

4(a). Franchisor will have an additional 15 days from the expiration of Lessee's cure period in which it may exercise the option, but it is not obligated, to cure the default or violation.

b. All notices to Franchisor shall be sent via registered or certified mail, postage prepaid, to the following addresses:

GKA Franchising Inc.  
2150 Chili Avenue  
Rochester, New York 14264

Evan M. Goldman, Esquire  
Greenspoon Marder LLP  
1037 Raymond Boulevard, Suite 900  
Newark, New Jersey 07102

Franchisor may change its address for receiving notices by giving Lessor written notice of the new address. Lessor agrees that it will notify both Lessee and Franchisor of any change in Lessor's mailing address to which notices should be sent.

c. Following Franchisor's approval of the Lease, Lessee agrees not to terminate, or in any way alter or amend the same, during the Term of the Franchise Agreement or any renewal thereof without Franchisor's prior written consent, and any attempted termination, alteration or amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect shall be included in the Lease.

### **3. Termination or Expiration.**

a. Upon Lessee's default and failure to cure the default within the applicable cure period, if any, under either the Lease or the Franchise Agreement, Franchisor will, at its option, have the right, but not the obligation, to take an automatic assignment of Lessee's interest and at any time thereafter to re-assign the Lease to a new franchisee without Landlord's consent and to be fully released from any and all liability to Landlord upon the reassignment, provided the franchisee agrees to assume Lessee's obligations and the Lease.

b. Upon the expiration or termination of either the Lease or the Franchise Agreement, Landlord will cooperate with and assist Franchisor in securing possession of the Premises and if Franchisor does not elect to take an assignment of the Lessee's interest, Lessor will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Lessor, to remove all signs, awnings, and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect the Ghost Kitchen or Ghost Kitchen trademarks and system, and to distinguish the Premises from a Franchised Business. In the event Franchisor exercises its option to purchase assets of Lessee, Lessor shall permit Franchisor to remove all the assets being purchased by Franchisor.

4. **Consideration; No Liability.**

a. Lessor hereby acknowledges that the provisions of this Addendum to Lease are required pursuant to the Franchise Agreement under which Lessee plans to operate its Franchised Business and Lessee would not lease the Premises without this Addendum. Lessor also hereby consents to the Collateral Assignment of Lease from Lessee to Franchisor as evidenced by Attachment 1.

b. Lessor further acknowledges that Lessee is not an agent or employee of Franchisor and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor, and that Lessor has entered into this Addendum to Lease with full understanding that it creates no duties, obligations or liabilities of or against Franchisor or any affiliate of Franchisor.

5. **Amendments.** No amendment or variation of the terms of the Lease or this Addendum to the Lease shall be valid unless made in writing and signed by the parties hereto.

6. **Reaffirmation of Lease.** Except as amended or modified herein, all of the terms, conditions and covenants of the Lease shall remain in full force and effect and are incorporated herein by reference and made a part of this Agreement as though copies herein in full.

7. **Beneficiary.** Lessor and Lessee expressly agree that Franchisor is a third party beneficiary of this Addendum.

IN TESTIMONY WHEREOF, witness the signatures of the parties hereto as of the day, month and first year written above.

LESSOR:

LESSEE:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

ATTACHMENT 1 TO LEASE ADDENDUM  
COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, as of the \_\_\_ day of \_\_\_\_\_, 20\_\_\_ (“Effective Date”), the undersigned, \_\_\_\_\_, (“Assignor”) hereby assigns, transfers and sets over unto GKA Franchising Inc. (“Assignee”) all of Assignor’s right, title and interest as tenant, in, to and under that certain lease, a copy of which is attached hereto as Exhibit A (“Lease”) regarding the premises located at \_\_\_\_\_.

This Collateral Assignment of Lease (“Assignment”) is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee shall take possession of the premises demised by the Lease pursuant to the terms hereof and shall assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under that certain Franchise Agreement for a Ghost Kitchen franchise between Assignee and Assignor (“Franchise Agreement”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in the event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Through the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than 30 days before the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to exercise the extension or renewal options

**IN WITNESS WHEREOF**, Assignor and Assignee have signed this Collateral Assignment of Lease as of the Effective Date first written above.

**[SIGNATURE PAGES TO FOLLOW]**

ASSIGNOR:

\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

ASSIGNEE:

GKA FRANCHISING INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_



**EXHIBIT I TO GHOST KITCHENS FRANCHISE AGREEMENT**

**ACH PAYMENT AGREEMENT**

ACCOUNT NAME: \_\_\_\_\_  
CUSTOMER NUMBER: \_\_\_\_\_  
FRANCHISE NAME: \_\_\_\_\_

**AUTHORIZATION AGREEMENT FOR ACH Payments:**

(I/we) do hereby authorize GKA Franchising Inc., hereinafter named the “Franchisor”, to initiate (debit or credit) entries to (my/our) (Checking Account / Savings Account) as indicated and named below as the depository financial institution, hereafter named FINANCIAL INSTITUTION pursuant to the terms of the Franchise Agreement by and between us and the Franchisor.

(I/we) acknowledge that the origination of ACH transactions to my (my/our) account must comply with the provisions of U.S. law. Furthermore, if any such debit(s) should be returned NSF, (I/we) authorize the Franchisor to collect such debit(s) by electronic debit and subsequently collect a returned debit NSF fee of \$75.00 per item by electronic debit from my account identified below. In the event all funds and interests are not received by Franchisor within 15 days from presentment and intended withdrawal from our account by Franchisor, then we will be deemed in default of the Franchise Agreement. We further agree to pay all reasonable costs of collection including but not limited to reasonable attorney’s fees and court costs incurred by Franchisor. I am a duly authorized check signer on the financial institution account identified below, and authorize all of the above as evidenced by my signature below.

**CHECK (ACH) INFORMATION ROUTING NUMBER:**

ACCOUNT NUMBER: \_\_\_\_\_  
DEPOSITORY NAME: \_\_\_\_\_  
BRANCH: \_\_\_\_\_  
CITY: \_\_\_\_\_ STATE: \_\_\_\_\_ ZIP: \_\_\_\_\_

COMPANY NAME: \_\_\_\_\_  
FIRST NAME/LAST NAME: \_\_\_\_\_  
BILLING ADDRESS: \_\_\_\_\_  
CITY: \_\_\_\_\_ STATE: \_\_\_\_\_ ZIP: \_\_\_\_\_  
PHONE NUMBER: \_\_\_\_\_  
CUSTOMER NUMBER: \_\_\_\_\_  
SIGNATURE ON FILE: \_\_\_\_\_  
PHONE OR EMAIL APPROVAL AUTHORIZATION NUMBER: \_\_\_\_\_

FRANCHISEE: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT J TO GHOST KITCHENS FRANCHISE AGREEMENT**

**SBA ADDENDUM**



## ADDENDUM TO FRANCHISE<sup>1</sup> AGREEMENT

**THIS ADDENDUM** (“Addendum”) is made and entered into on \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_ (“Franchisor”), located at \_\_\_\_\_, and \_\_\_\_\_ (“Franchisee”), located at \_\_\_\_\_.

Franchisor and Franchisee entered into a Franchise Agreement on \_\_\_\_\_, 20\_\_\_\_, (such Agreement, together with any amendments, the “Franchise Agreement”). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration (“SBA”). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

### CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor’s consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

### FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional

<sup>1</sup> While relationships established under license, jobber, dealer and similar agreements are not generally described as “franchise” relationships, if such relationships meet the Federal Trade Commission’s (FTC’s) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

renewals) for fair market value.

**COVENANTS**

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee’s real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

**EMPLOYMENT**

- Franchisor will not directly control (hire, fire or schedule) Franchisee’s employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 -3733.

**Authorized Representative of FRANCHISOR:**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Authorized Representative of FRANCHISEE:**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Note to Parties:** This Addendum only addresses “affiliation” between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements

Effective Date: January 1, 2018

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**EXHIBIT B TO GKA FRANCHISING INC.  
FRANCHISE DISCLOSURE DOCUMENT**

**INTENTIONALLY OMITTED**

**EXHIBIT C TO GKA FRANCHISING INC.  
FRANCHISE DISCLOSURE DOCUMENT**

**FINANCIAL STATEMENTS**

**GKA FRANCHISING, INC.**  
**Financial Statements**  
For the year ended December 31, 2022  
*with*  
Independent Auditor's Report Thereon

**GKA FRANCHISING, INC.**  
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BARBARA AHEARN-DUNN, EA  
KELLY BEACH, EA  
JACQUELINE CARTIER, EA  
ANTHONY J. SELLARI, EA



Divine  
Blalock  
Martin  
Sellari  
LLC  
Est. in 1932

Certified Public Accountants and Consultants  
580 Village Boulevard, Suite 110  
West Palm Beach, FL 33409  
Phone: (561) 686-1110 Fax: (561) 686-1330  
Info@dbmscpa.com

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
WILBUR F. DIVINE, III, CPA (1896-1964)  
WILBUR F. DIVINE, IV, CPA (1925-1989)  
JAMES A. BLALOCK, CPA (1914-1996)  
G. MICHAEL MARTIN, CPA (1945-2014)  
\*\*REGULATED BY THE STATE OF FL  
\*\*REGULATED BY THE STATE OF FL AND  
THE STATE OF TN  
\*\*\*REGULATED BY THE STATE OF FL  
AND THE STATE OF NY  
\*\*\*\*REGULATED BY THE STATE OF WI  
\*\*\*\*REGULATED BY THE STATE OF FL  
AND THE STATE OF NJ  
\*\*\*\*\*REGULATED BY THE STATE OF NJ  
\*\*\*\*\*REGULATED BY THE STATE OF NY  
\*\*\*\*\*REGULATED BY THE STATE OF FL  
AND THE STATE OF NC

## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of  
GKA Franchising, Inc.  
Rochester, NY

### Opinion

We have audited the accompanying financial statements of GKA Franchising, Inc., (a Delaware corporation) which comprise the balance sheet as of December 31, 2022, and the related statement of income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GKA Franchising, Inc. as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of GKA Franchising, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about GKA Franchising, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of GKA Franchising, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about GKA Franchising, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Divine, Blalock, Martin & Sellari, LLC*

**West Palm Beach, FL  
May 15, 2023**

**GKA FRANCHISING, INC.**  
**BALANCE SHEET**  
**AS OF DECEMBER 31, 2022**

Assets	
<b>Current Assets</b>	
Due from parent company	\$ 374,500
<b>Total Current Assets</b>	374,500
<b>Total Assets</b>	\$ 374,500
<b>Liabilities and Stockholders' Equity</b>	
<b>Current Liabilities</b>	
Deferred royalty fees	\$ 20,000
Deferred franchise fees - current portion	300
<b>Total Current Liabilities</b>	20,300
<b>Long-Term Liabilities</b>	
Deferred franchise fees - noncurrent portion	2,650
Customer deposits	325,000
<b>Total Long-Term Liabilities</b>	327,650
<b>Total Liabilities</b>	347,950
<b>Stockholders' Equity</b>	
Common stock, 1,000 shares authorized, 1,000 issued and outstanding	1
Additional paid in capital	21,699
Retained earnings	4,850
<b>Total Stockholders' Equity</b>	26,550
<b>Total Liabilities and Stockholders' Equity</b>	\$ 374,500

*The accompanying notes are an integral part of these financial statements.*

**GKA FRANCHISING, INC.**  
**STATEMENT OF INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

---

<b>Revenue</b>	
Initial franchise fees	\$ 27,000
Franchise license fees	50
Franchise royalty fees	-
	<hr/>
<b>Total Revenue</b>	<b>27,050</b>
	<hr/>
<b>Operating Expenses</b>	
Professional fees	-
Training and admin fees	-
	<hr/>
<b>Total Operating Expenses</b>	<b>-</b>
	<hr/>
<b>Net Income</b>	<b>\$ 27,050</b>
	<hr/> <hr/>

*The accompanying notes are an integral part of these financial statements.*

**GKA FRANCHISING, INC.**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' (DEFICIT) EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

---

	Common Stock	Additional Paid in Capital	Retained (Deficit) Earnings	Total Stockholders' (Deficit) Equity
Stockholders' deficit, January 1, 2022	\$ 1	\$ 21,699	\$ (22,200)	\$ (500)
Net income	-	-	27,050	27,050
Stockholders' Equity, December 31, 2022	<u>\$ 1</u>	<u>\$ 21,699</u>	<u>\$ 4,850</u>	<u>\$ 26,550</u>

*The accompanying notes are an integral part of these financial statements.*

**GKA FRANCHISING, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

---

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net income	\$ 27,050
<i>Adjustments to reconcile Net income to net Cash used by operating activities:</i>	
<i>Decrease (Increase) in Operating Assets:</i>	
<i>Increase (Decrease) in Operating Liabilities:</i>	
Accounts Payable	(1,500)
Accrued Expense	-
Deferred royalty fee	20,000
Deferred franchise fee	2,950
Customer deposits	<u>325,000</u>
Total Adjustments	<u>346,450</u>
Net Cash Provided by Operating Activities	<u>373,500</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Due from parent company	<u>(374,500)</u>
Net Cash Provided by / (Used in) Financing Activities	<u>(374,500)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,000)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,000</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ -</u></u>

*The accompanying notes are an integral part of these financial statements.*

**GKA FRANCHISING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**NOTE 1 – BUSINESS ACTIVITY**

GKA Franchising, Inc. was formed in the state of Delaware on October 20, 2021; the Company is in the business of offering franchises for the operation of a ghost kitchen or a food hall establishment providing dishes from one or more restaurant concepts that are officially associated and licensed with GKA Franchising, Inc. Ghost Kitchen is referred to an approved kitchen that operates in a non-retail environment and provides food from a variety of restaurants, typically for take-out or delivery. Food hall establishments provide food from a variety of different restaurants in a fast-casual setting. Unless otherwise indicated, the terms “we,” “us,” “our,” and “Company” refer to GKA Franchising, Inc.

***Parent and Affiliates***

***Ghost Kitchen Brands Inc. (GKB)*** was incorporated in Ontario, Canada on November 19, 2020. GKB is the parent company of GKA Franchising, Inc. and GKC Franchising, Inc. GKB has not offered and does not offer franchises in any other line of business, and does not own or operate any Ghost Kitchen Businesses.

***GKC Franchising Inc. – (GKC Franchise)*** was incorporated on July 29, 2021 in Ontario, Canada and operates similar to GKA Franchising, Inc offers franchise opportunities throughout Canada.

***Ghost Kitchens America Inc. (GKA)*** was incorporated in the state of Delaware in August 2020. GKA has not offered and does not offer franchises in any other line of business, and does not own or operate any Ghost Kitchen Businesses.

***Ghost Kitchens Canada Inc. (GKC)*** was incorporated on April 22, 2020 in Ontario, Canada. GKC owns certain trade names, trademarks, logos, emblems and indicia of origin which are used in association with the System. GKC owns the Marks in the United States and Canada. GKC has granted GKA Franchising, Inc. the right to use, and to license others to use, the Marks in the operation of Ghost Kitchen businesses and franchised businesses pursuant to a trademark license agreement.

***Mentum Group Inc.*** Mentum Group Inc. was formed on September 1, 2020 in Ontario, Canada. Mentum licenses proprietary software to GKA Franchising, Inc for sublicensing to franchisees, which is required to be used in the operation of a Ghost Kitchen franchise.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting***

The Company’s policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned rather than when received, and expenses are recognized when the obligation is incurred rather than when cash is disbursed.

***Cash and Cash Equivalents***

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

**GKA FRANCHISING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

***Property and Equipment***

Property and equipment are stated at cost. Depreciation and amortization are generally provided using the straight-line method over the estimated useful lives of the related assets which ranges between 3 to 10 years. At December 31, 2022, the Company did not own any fixed assets.

***Income Taxes***

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate primarily to depreciable assets (use of different depreciation methods and lives for financial statement and income tax purposes) and to the use of the cash basis of accounting for income tax purposes. The deferred tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

Deferred tax assets are also recognized for net operating loss and Section 179 carryforwards that are available to offset future taxable income. Valuation allowances are provided for deferred tax assets based on management's projection of the sufficiency of future taxable income to realize the assets.

The Company's tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

The Company accounts for uncertain tax positions in accordance with ASC 740-10, *Accounting for Uncertainty in Income Taxes*. ASC 740-10 prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740-10 also provides guidance on de-recognition, classification, interest and penalties, and disclosure and transition accounting. The Company has concluded that no liability for uncertain tax positions is required at December 31, 2022.

***Advertising***

Advertising costs are expensed as incurred.

***Concentrations of Credit Risk***

The Company maintains cash in bank and deposit accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.



**GKA FRANCHISING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

***Revenue Recognition***

The Company's revenue recognition policies are in compliance with accounting standards ASC Topic 606, *Revenue from Contracts with Customers*. The new guidance includes the following five-step revenue recognition model:

- Identify the contract with the customer
- Identify the performance obligation in the contract
- Determine the transaction price
- Allocate the transaction price to performance obligations
- Recognize revenue when (or as) each performance obligation is satisfied

In 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU), *Franchisors-Revenue from Contracts with Customers (Subtopic 952-606) Practical Expedient*. This new practical expedient will allow franchisors that are not public business entities to account for pre-opening services provided to a franchise as a single performance obligation in the services are in line with the services listed within the guidance, and they meet certain other conditions.

The Company recognizes franchise royalties, brand fund contributions and local marketing requirements on a monthly basis, which are generally based upon a percentage of the revenues of the Company's franchises, when they are earned and deemed collectible.

The following services are provided by the Company prior to the opening of a franchised location:

- Designate a territory and provide site selection assistance.
- Copy of our proprietary operations manual.
- Assist in implementing an opening marketing initiative.
- Within 30 days of signing an approved lease or location purchase, franchisor will provide access to prototype design plans, specifications, décor and layout for a Kitchen, including requirements for design, color, scheme, image, interior layout and operation assets that include fixtures equipment interior signs and furnishings.
- Comprehensive 5-week in classroom, at our corporate headquarters and on-the-job training program and provide instruction and assistance prior to opening and immediately following the opening by telephone or in person.

***Use of Estimates in the Preparation of Financial Statements***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by the Company's management include, but are not limited to, allowances for doubtful accounts and contracts receivable, the allowance for losses on contracts in process and the percentage of completion on uncompleted contracts. Actual results could materially differ from those estimates.

**GKA FRANCHISING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

***Fair Value of Financial Assets and Liabilities***

We measure and disclose certain financial assets and liabilities at fair value. ASC Topic 820, Fair Value Measurements and Disclosures, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

*Level 1 - Quoted prices in active markets for identical assets or liabilities.*

*Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.*

*Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.*

We utilize the active market approach to measure fair value for our financial assets and liabilities. We report separately each class of assets and liabilities measured at fair value on a recurring basis and include assets and liabilities that are disclosed but not recorded at fair value in the fair value hierarchy.

***Recently Issued and Adopted Accounting Pronouncements***

The Company's management has evaluated recently issued accounting pronouncements through the date of this report and concluded that they will not have a material effect on the financial statements as of December 31, 2022.

In February 2016, the FASB issued a new accounting standard on leases. The new standard, among other changes, will require lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all leases. The lease liability will be measured at the present value of the lease payments over the lease term. The right-of-use asset will be measured at the lease liability amount, adjusted for lease prepayments, lease incentives received and the lessee's initial direct costs (e.g., commissions).

The new standard is effective for annual reporting periods beginning after December 15, 2021, including interim reporting periods within those annual reporting periods. The adoption will require a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest period presented.

Effective January 1, 2022, the Company adopted the new lease standard; however, at December 31, 2022 the Company had no lease agreements in place.

**GKA FRANCHISING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**NOTE 3 – RELATED PARTY TRANSACTIONS**

In 2022, the company’s parent company, Ghost Kitchen Brands, Inc received customer’s revenues and paid all expenses on behalf of GKA Franchising, Inc from its operating funds. At December 31, 2022, Ghost Kitchen Brands, Inc owes GKA Franchising, LLC \$374,500.

**NOTE 4 – DEFERRED EXPENSES**

Deferred expenses represent expenses paid to assist the franchisee in getting their business open. This includes commissions, advertising fees, and misc. costs. These costs are recognized when franchisees open their doors or close their operations. The amount deferred at December 31, 2022 was \$0.

**NOTE 5 – DEFERRED REVENUE**

Deferred revenue represents initial franchise sales for which substantially all the services to be provided by the Company have not yet been performed. Deferred revenue amounted to \$22,950 for the year ended December 31, 2022.

Deferred royalty fees	\$	20,000
Deferred franchise fees - current portion		300
Deferred franchise fees - noncurrent portion		<u>2,650</u>
	<u>\$</u>	<u>22,950</u>

**NOTE 6 – CUSTOMER DEPOSITS**

Upon receipt of a prepayment from a customer, the Company recognizes a contract liability in the amount of the prepayment for its performance obligation. At December 31, 2022 the Company recorded a liability of \$325,000 as customer deposits. The Company expects to recognize this as revenue over the life of the contracts and therefore, satisfies its performance obligation to the customers.

**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

**NOTE 8 – SUBSEQUENT EVENTS**

The Company’s management has performed subsequent events procedures through May 15, 2023, which is the date the financial statements were available to be issued. There were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein.

**EXHIBIT D TO GKA FRANCHISING INC.  
FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF CURRENT AND FORMER FRANCHISEES**

**List of Franchised Kitchens**

None

**List of Corporate or Affiliate-Owned Kitchens**

None

**Former Franchisees**

None

**EXHIBIT E TO GKA FRANCHISING INC.  
FRANCHISE DISCLOSURE DOCUMENT**

**CONFIDENTIAL OPERATIONS MANUAL  
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3. Covid-19 Preparedness
4. Equipment Details/Maintenance
5. Training LMS
6. Brand Operations Manual [Google Account Required]
  - a. Cinnabon
  - b. Cheesecake Factory
  - c. Beavertails
  - d. Monster Cupcakes
  - e. Yogen Fruz
  - f. Funnel Cake
  - g. Tazo Bubble Tea
  - h. Slush Puppie
  - i. Red BULL
  - j. Nespresso
  - k. Saladworks
  - l. Wow Bao
  - m. Quiznos
  - n. Kraft
  - o. Nathan's Famous
  - p. Amaya

- q. Thai Accent
- r. Lola's
- s. Fries of the World
- t. Pepe's Perogies
- u. Taco Del Mar
- v. WONY (Wings of New York)

7. In-store Technology

- a. 3rd Party Apps
- b. TV wall / Kiosks / POS (Soigne)
- c. NOTCH
- d. Other

8. Scheduling

9. Suppliers

10. Inventory

11. Cleaning

12. GKB Audit

13. Marketing

14. Appendix

- a. MSDS Sheets
- b. Job Aids
- c. Printable signage



**EXHIBIT F TO GKA FRANCHISING INC.  
FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS**

## State Administrators

### **California**

Commissioner of Financial  
Protection and Innovation  
320 West Fourth Street, Suite 750  
Los Angeles, California 90013-2344  
(213) 576-7500  
(866) 275-2677 (toll free)

### **Hawaii**

Commissioner of Securities  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813  
(808) 586-2722

### **Illinois**

Illinois Franchise Development  
Illinois Attorney General  
500 South Second Street  
Springfield, Illinois 62706  
(217) 782-4465

### **Indiana**

Indiana Chief Deputy Commissioner  
Secretary of State  
Franchise Section – Securities Division  
301 W. Washington Street, Room E-111  
Indianapolis, Indiana 46204  
(317) 232-6681

### **Maryland**

Office of the Attorney General  
Securities Division  
200 Saint Paul Place  
Baltimore, Maryland 21202-2020  
(410) 576-6360

### **Michigan**

Michigan Franchise Administrator  
Consumer Protection Division  
Attention: Franchise Examiner  
670 Law Building  
Lansing, Michigan 48913  
(517) 373-7117

## State Agents for Service of Process

### **California**

Commissioner of Business Oversight  
320 West Fourth Street, Suite 750  
Los Angeles, California 90013-2344  
(213) 576-7500  
(866) 275-2677 (toll free)

### **Hawaii**

Commissioner of Securities  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813

### **Illinois**

Illinois Franchise Development  
Illinois Attorney General  
500 South Second Street  
Springfield, Illinois 62706

### **Indiana**

Indiana Chief Deputy Commissioner  
Secretary of State  
Franchise Section – Securities Division  
301 W. Washington Street, Room E-111  
Indianapolis, Indiana 46204

### **Maryland**

Office of the Attorney General  
Securities Division  
200 Saint Paul Place  
Baltimore, Maryland 21202-2021  
(410) 576-6360

### **Michigan**

Not Applicable

**Minnesota**

Minnesota Franchising Examiner  
Minnesota Department of Corporations  
133 East Seventh Street  
St. Paul, Minnesota 55101  
(612)295-6328

**New York**

NYS Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21st Floor  
New York, New York 10005  
(212) 416-8222

**North Dakota**

North Dakota Securities Department  
600 East Boulevard State Capitol  
Fifth Floor, Dep't 414  
Bismarck, North Dakota 58505  
(701) 328-4712

**Rhode Island**

Rhode Island Securities Examiner  
Division of Securities  
1511 Pontiac Avenue  
Cranston, Rhode Island 02920  
(401) 462-9500

**South Dakota**

South Dakota Franchise Administrator  
Division of Securities  
Department of Labor & Regulation  
124 S. Euclid, Suite 104  
Pierre, South Dakota 57501  
(605)773-4013

**Virginia**

Virginia Chief Examiner  
State Corporation Commissioner  
Division of Securities and Retail Franchising  
1220 Bank Street  
Richmond, Virginia 23219  
(804)786-7751

**Minnesota**

Minnesota Franchising Examiner  
Minnesota Department of Corporations  
133 East Seventh Street  
St. Paul, Minnesota 55101

**New York**

Secretary of State of New York  
99 Washington Avenue  
Albany, New York 12231

**North Dakota**

North Dakota Securities Department  
600 East Boulevard State Capitol  
Fifth Floor, Dep't 414  
Bismarck, North Dakota 58505

**Rhode Island**

Rhode Island  
Department of Business Regulation  
Division of Securities  
1511 Pontiac Avenue  
Cranston, Rhode Island 02920

**South Dakota**

Director, Division of Securities  
124 S. Euclid, Suite 104  
Pierre, South Dakota 57501

**Virginia**

Clerk of the State Corporation Commissioner  
P.O. Box 1197  
Richmond, Virginia 23219

**Washington**

Washington Securities Administrator  
Securities Division  
150 Israel Road, S.W.  
Tumwater, Washington. 98501  
(360) 902-8760

**Wisconsin**

Wisconsin Commissioner of Securities  
Registration Division  
P.O. Box 1768  
Madison, Wisconsin 53101  
(608)266-8559

**Washington**

Director of Licensing  
Securities Division  
150 Israel Road, S.W.  
Tumwater, Washington 98501

**Wisconsin**

Wisconsin Commissioner of Securities  
Office of the Commissioner of Securities  
101 East Wilson Street  
Madison, Wisconsin 53702

**EXHIBIT G TO GKA FRANCHISING INC.  
FRANCHISE DISCLOSURE DOCUMENT**

**FRANCHISE DISCLOSURE QUESTIONNAIRE**

## FRANCHISE DISCLOSURE QUESTIONNAIRE

As you know, GKA Franchising Inc. (“we” or “us”), and you are preparing to enter into a Franchise Agreement for the operation of Ghost Kitchen Business (as defined in this Franchise Disclosure Document). The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and pay your Initial Franchise Fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer in the table provided below.

1.    Yes \_\_\_        No \_\_\_        Have you received and personally reviewed the Franchise Agreement and each attachment or schedule attached to it?
  
2.    Yes \_\_\_        No \_\_\_        Have you received and personally reviewed the Franchise Disclosure Document we provided?
  
3.    Yes \_\_\_        No \_\_\_        Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
  
4.    Yes \_\_\_        No \_\_\_        Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement?
  
5.    Yes \_\_\_        No \_\_\_        Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor or have you had the opportunity for such review and chosen not to engage such professionals?
  
6.    Yes \_\_\_        No \_\_\_        Have you discussed the benefits and risks of developing and operating a Ghost Kitchen Business with an existing Ghost Kitchen franchisee?
  
7.    Yes \_\_\_        No \_\_\_        Do you understand the risks of developing and operating a Ghost Kitchen Business?
  
8.    Yes \_\_\_        No \_\_\_        Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs and other relevant factors?

9. Yes \_\_\_ No \_\_\_ Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be litigated, mediated, and/or arbitrated in Delaware, if not resolved informally or by mediation?
10. Yes \_\_\_ No \_\_\_ Do you understand that you must satisfactorily complete the initial training course before we will allow your restaurant to open or consent to a transfer?
11. Yes \_\_\_ No \_\_\_ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Ghost Kitchen Business, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
12. Yes \_\_\_ No \_\_\_ Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
13. Yes \_\_\_ No \_\_\_ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Ghost Kitchen Business will generate, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
14. Yes \_\_\_ No \_\_\_ Do you understand that the Franchise Agreement and attachments to the Franchise Agreement contain the entire agreement between us and you concerning the franchise for the Ghost Kitchen Business, meaning any prior oral or written statements not set out in the Franchise Agreement or the attachments to the Franchise Agreement will not be binding?
15. Yes \_\_\_ No \_\_\_ Do you understand that we are relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE

REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

EXPLANATION OF ANY NEGATIVE RESPONSE  
(REFER TO QUESTION NUMBER)

Questionnaire Number	Explanation of Negative Response

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Name (please print)

Date: \_\_\_\_\_

Date: \_\_\_\_\_



**EXHIBIT H TO GKA FRANCHISING INC.  
FRANCHISE DISCLOSURE DOCUMENT**

**STATE ADDENDA AND AGREEMENT RIDERS**

**ADDENDUM TO GKA FRANCHISING INC.  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF NEW YORK**

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Other than these bankruptcy actions, neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchisee fee constitutes part of our general operating funds and will be used as such in our discretion.

5. Item 17, “Renewal, Termination, Transfer, and Dispute Resolution,” shall be amended by deleting “d,” “j” and “w,” and the following “d,” “j” and “w,” shall be substituted in lieu thereof:

<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
d. Termination by franchisee	None	Material default by us and compliance with post-termination obligations. Pursuant to New York General Business Law, the Franchisee may terminate the Franchise Agreement upon any grounds available by law.

<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
j. Assignment of contract by franchisor	Section 9.1	<p>No restriction on our right to transfer or assign the Franchise Agreement so long as the assignee is: (1) financially responsible, (ii) capable of performing under the Franchise Agreement, and (iii) expressly assumes obligations under the Franchise Agreement.</p> <p>No assignment will be made except to an assignee who, in Franchisor’s judgment, is willing and able to assume the Franchisor’s obligations under the Franchise Agreement.</p>

**AMENDMENT TO THE FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF NEW YORK**

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and the regulations promulgated thereunder (N.Y. Comp. Code R. § Regs. tit 13, §§ 200.1 through 201.16), the parties to the attached GKA Franchising Inc. Franchise Agreement (the “Agreement”) agree as follows:

1. Under Section 4.6.2 of the Agreement, under the heading “Renewal,” the subsection 4.6.2(e) shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

4.6.2(e) You shall execute a general release, in a form satisfactory to Us, with respect to any and all claims, known or unknown, that You might have against Us or our subsidiaries, or affiliates, or their respective officers, directors, agents, or employees, provided, however, that all rights enjoyed by You and any causes of action arising in Your favor from the provisions of New York General Business Law Sections 680-695, and the regulations issued thereunder, shall remain in force, it being the intent of this provision that the non-waiver provisions of New York General Business Law Sections 687.4 and 687.5 be satisfied.

2. Under Section 9.3 of the Agreement, under the heading “Conditions of Transfer,” the subsection 9.3(c) shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

(c) That the transferor shall have executed a general release, in a form prescribed by Ghost Kitchens, of any and all claims against Ghost Kitchens and its affiliates, and their respective officers, directors, agents, shareholders, and employees, provided, however, that all rights enjoyed by Franchisee/transferor, and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680-695, and the regulations issued thereunder, shall remain in force, it being the intent of this provision that the non-waiver provisions of New York General Business Law Sections 687.4 and 687.5 be satisfied.

5. There are circumstances in which an offering be made by GKA Franchising, Inc., would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed in New York if Franchisee is domiciled in New York or the Ghost Kitchens Business will be opening in New York. GKA Franchising, Inc. is required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

IN WITNESS WHEREOF, the parties hereto have duly executed this New York Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

FRANCHISEE:

GHOST KITCHENS FRANCHISE GROUP INC.  
doing business as Ghost Kitchen

By: \_\_\_\_\_  
Name: Massimo Noja De Marco  
Title: Chief Operating Officer  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Delivery Addresses for Notices:

Delivery Address for Notices:

Ghost Kitchen Franchise Group Inc.  
2150 Chili Avenue  
Rochester, New York 14264

Evan M. Goldman, Esquire  
Greenspoon Marder LLP  
1037 Raymond Boulevard, Suite 900  
Newark, New Jersey 07102

**EXHIBIT I TO GHOST KITCHENS  
FRANCHISE DISCLOSURE DOCUMENT**

**State Effective Dates**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

<b><u>State</u></b>	<b><u>Effective Date</u></b>
California	N/A
Hawaii	N/A
Illinois	N/A
Indiana	N/A
Maryland	N/A
Michigan	N/A
Minnesota	N/A
New York	N/A
North Dakota	N/A
Rhode Island	N/A
South Dakota	N/A
Washington	N/A
Wisconsin	N/A

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans

**EXHIBIT J TO GHOST KITCHENS FRANCHISE, LLC  
FRANCHISE DISCLOSURE DOCUMENT**

**RECEIPT**



**RECEIPT  
(RETURN ONE COPY TO US)**

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If GKA Franchising Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make payment to, the franchisor in connection with the proposed franchise sale. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If GKA Franchising Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit E.

The franchisor is GKA Franchising Inc., located at 2150 Chili Avenue, Rochester, New York 14264. Its telephone number is 416-624-4405.

Issuance Date: May 15, 2023

The name, principal address and telephone number of the franchise seller for this offering is Massimo Noja De Marco, 2150 Chili Avenue, Rochester, New York 14264.

GKA Franchising Inc. authorizes the agents listed in Exhibit E to accept service of process for it.

I have received a disclosure document, dated May 15, 2023, that included the following Exhibits:

- A Ghost Kitchen Franchise Agreement (with exhibits)
- B Intentionally Omitted
- C Financial Statements
- D List of Current and Former Franchisees
- E Confidential Operations Manual Table of Contents
- F List of State Administrators/Agents for Service of Process
- G Franchise Disclosure Questionnaire
- H State Addenda and Agreement Riders
- I State Effective Dates
- J Receipt

Date: \_\_\_\_\_  
(Do Not Leave Blank)

\_\_\_\_\_  
Signature of Prospective Franchisee

\_\_\_\_\_  
Print Name

You may return the signed receipt either by signing, dating and mailing it to GKA Franchising Inc. at 2150 Chili Avenue, Rochester, New York 14264, or by emailing a copy of the signed and dated receipt to GKA Franchising Inc. at [massimo@ghostkitchenbrands.com](mailto:massimo@ghostkitchenbrands.com).

**RECEIPT**  
**(KEEP ONE COPY FOR YOURSELF)**

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If GKA Franchising Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make payment to, the franchisor in connection with the proposed franchise sale. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

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- I State Effective Dates
- J Receipt

Date: \_\_\_\_\_  
(Do Not Leave Blank)

\_\_\_\_\_  
Signature of Prospective Franchisee

\_\_\_\_\_  
Print Name