



**FRANCHISE DISCLOSURE DOCUMENT
HUEY MAGOO'S RESTAURANTS, LLC**

A Delaware Limited Liability Company

6220 Hazeltine National Dr., Suite 110

Orlando, FL 32822

844-468-4667

www.hueymagoos.com

The franchisee will own and operate one or more fast casual restaurants (each a “Restaurant”) specializing in the sale of chicken tender meals, wraps, salads, sandwiches, and specialty dipping sauces, and related programs, products and services.

The total investment necessary to begin operation of a Huey Magoo’s Chicken Tenders Restaurant ranges from \$862,900 to \$2,613,300 inclusive of the costs of construction of a new building. This includes \$35,000 that must be paid to the franchisor or its affiliate. The total investment necessary to begin operation as a franchisee under a Development Agreement ranges from \$56,000 to \$201,500 (assuming, for the low end range, you agree to develop 2 Restaurants and, and for the high end of the range, you agree to develop 10 Restaurants, although this is not a maximum), including \$52,500 to \$192,500 that must be paid to the franchisor or its affiliate.

This disclosure document summarizes 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 the information contained in this document.**

You may wish to receive this disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact the Legal Department at 6220 Hazeltine National Dr., Orlando, Florida 32822, (844) 468-4667 or legal@hueymagoos.com.

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 contract carefully. Show your contract and this 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 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: April 30, 2024 (amended May 9, 2024).

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:

QUESTION	WHERE TO FIND INFORMATION
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 I.
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 J 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 Huey Magoo’s 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 Huey Magoo’s franchisee?	Item 20 or Exhibit I 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 house 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 B.

Your state may also 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. **Out-of-State Dispute Resolution**. The franchise agreement and development agreement require you to resolve disputes with the franchisor by mediation, arbitration or litigation only in Broward County, Florida. Out-of-state mediation, arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate or litigate with the franchisor in the state, county, and judicial district in Florida than in your own state.

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.

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

To simplify this franchise disclosure document (the “Disclosure Document”), “we” or “us” means **Huey Magoo’s Restaurants, LLC**, doing business as **Huey Magoo’s Chicken Tenders®**, the franchisor. “You” means the individual, corporation, or other entity that buys the franchise. If the franchisee will operate through a corporation, limited liability company, partnership or other business entity, “you” includes the franchisee’s owners of any equity interest in the entity (each a “Franchise Owner”). Our agents for service of process in the states whose franchise laws require us to name a state agency as agent for service are shown on Exhibit B to this Disclosure Document. Our agent for service of process in Florida is Corporation Service Company.

Franchisor

We are a Delaware limited liability company organized on January 5, 2015. We conduct business under the name Huey Magoo’s Chicken Tenders®. Our principal business address is 6220 Hazeltine National Drive, Suite 110, Orlando, Florida, and our telephone number is (844) 468-4667. We have offered Huey Magoo’s franchises since May 2016. We have not offered franchises in any other type of business.

Our Parents, Predecessors and Affiliates.

We have no parent companies. Our predecessor is HMFOUNDERS, LLC (previously named Huey Magoo’s Franchising, LLC), a Florida limited liability company formed on May 18, 2010 with its principal business address located at 895 E. Altamonte Drive, #1000, Altamonte Springs, Florida 32701 (the “Predecessor”). Our Predecessor’s founders, Matt Armstrong and James (Thad) Hudgens, opened the first Huey Magoo’s Restaurant in November 2004 in Oviedo, Florida and began offering franchises in 2009. Armstrong and Hudgens initially retained ownership of the restaurants located in Oviedo and Winter Springs, Florida through Huey Magoo’s, LLC and Orlando Restaurant Concepts, LLC along with the rights to continue to operate those restaurants subject to the terms and conditions of royalty free franchise agreements. They ultimately sold their Oviedo location. We have also granted them certain preferential development rights to develop an additional 7 restaurants in the Greater Orlando, Florida DMA. Messrs. Hudgens and Armstrong also own membership interests in our Company.

We acquired the assets of the Predecessor in May 2016, including all rights in and to the Marks, the recipes and the Franchise System. our Predecessor, through its affiliates, operate the following businesses similar to the business you will be operating: (i) Orlando Restaurant Concepts, LLC has operated a restaurant in Winter Springs, Florida since April 2009; (ii) HMALT, LLC has operated a restaurant in Altamonte Springs, Florida since October 2015; (iii) HMORLANDO North, LLC has operated a restaurant in Apopka, Florida since March 2019; (iv) HM OCOEE, LLC has operated a restaurant in Ocoee, Florida since December 2019. Neither Orlando Restaurant Concepts, LLC, HMALT, LLC, HM ORLANDO North, LLC, nor HM OCOEE, LLC have offered franchises in this or in any other line of business. Our Predecessor offered Huey Magoo’s franchises from October 2012 through May 2015, but has not offered franchises for any other type of business.

We have two affiliates, HMLKMARY, LLC and HM LAKE NONA, LLC (our “Affiliates”), each a wholly owned subsidiary formed in Florida on December 10, 2016 and June 6, 2023, respectively. HMLKMARY, LLC and HM LAKE NONA, LLC each has their principal business address located at 6220 Hazeltine National Dr., Suite 110, Orlando, FL 32822. Our Affiliates each operate a Huey Magoo’s Restaurant in Orlando, Florida. Our Affiliates will operate Huey Magoo’s restaurants in various markets which will not compete in your market.

Our Business and Franchises Offered.

We grant franchises for restaurants (each a “Restaurant”) that specialize in the sale of chicken tender meals, wraps, salads, sandwiches, specialty dipping sauces, side dishes, beverages and related menu items. Franchisees will operate either : (i) “Fast Casual Restaurant” that are counter service Restaurants approximately 1,800 sq. to 3,600 sq. ft. serving our full menu of chicken tender meals, wraps, salads, sandwiches and side dishes for on-premise or off-premise consumption or (ii) “Express Restaurants” that are Restaurants approximately 850 sq. ft. to 1,250 sq. ft. operated in non-traditional locations, such as malls, airports, food courts, stadiums, or any other site less than 1,800 square feet in size that offer a more limited menu for on-site or off-premise consumption. If we grant you the right to operate a Fast Casual Restaurant then you will have the option to operate: (i) an inline Restaurant that ranges from 1,800 to 3,000 sq. ft. (each an “Inline Restaurant”) or (ii) a drive-thru/pick up Restaurant located in a free standing building ranging from 2,400 to 3,600 sq. ft. (each a “Drive-Thru/Pick-Up Restaurant”). Depending on the footprint of your Inline Restaurant, we may permit your Restaurant to offer a drive-thru and/or pick-up window option. You will operate your Restaurant under the service mark and trade name “Huey Magoo’s Chicken Tenders”, and other trade names, trademarks and service marks that we specify now or designate for use in the future in connection with the System (collectively, the “Proprietary Marks”) and using our system and approved methods of operation (our “System” or “Business System”).

Under this Disclosure Document, we offer two basic types of franchises for Huey Magoo’s Restaurants:

- (1) For those who wish to operate a single Huey Magoo’s Restaurant, we offer a unit franchise that you will operate in accordance with the terms of our form of Franchise Agreement (see the Franchise Agreement attached as Exhibit C to this Disclosure Document).
- (2) In addition to offering unit franchises, we offer to certain qualified persons who desire to operate two or more Huey Magoo’s Restaurants the rights to become a multi-unit franchisee by developing several Huey Magoo’s Restaurants within a defined Development Area and in accordance with a Development Schedule under the Development Agreement attached to this Disclosure Document as Exhibit D. You and we will negotiate a specific number of Huey Magoo’s Restaurants that you will be obligated to develop over a specified period reflected in a Development Schedule. For each Huey Magoo’s Restaurant you develop, you must sign our then-current form of Franchise Agreement. The material terms of our then-current form

of Franchise Agreement may vary substantially from the form of Franchise Agreement included in Exhibit C to this Disclosure Document to this Disclosure Document.

The market for the products and services you offer is primarily the general public and is well established and very competitive. Your Huey Magoo's Restaurant may compete with other national and local restaurants that provide food, beverages and services similar to those you offer and may operate in close proximity to major competitors, which include franchised and non-franchised fast casual restaurants that may be part of a national chain or independently owned. We believe, however, that Huey Magoo's Restaurants have particular appeal because of their distinctive atmosphere and high quality chicken products. Each Huey Magoo's Restaurant is designed as an attractive, friendly establishment in a fun, casual setting. We believe that a comfortable, warm atmosphere combined with friendly service and high quality chicken appeals to all ages and encourages regular patronage by patrons of all demographics as well as both families and adult groups. Sales are not seasonal.

Laws Affecting Your Licensed Business.

You must comply with all local, county, state and federal laws, rules and regulations that apply to businesses in general. You will need to obtain, as required by local or state law and regulations, the necessary licenses from the proper licensing agencies to operate your Business and Restaurant. There are many federal, state and local laws, rules and regulations specific to the operation of a fast casual restaurant. You should investigate these laws, rules and regulations before you purchase a franchise. You are solely responsible for complying with all laws, rules and regulations that may impact the operation of your Business and Restaurant.

ITEM 2 - BUSINESS EXPERIENCE

Chief Executive Officer - Andrew Howard. Mr. Howard has served as our Chief Executive Officer in Orlando, Florida and Ft. Lauderdale, Florida since May 2016.

Chief Operations Officer - Michael Sutter. Mr. Sutter has served as our Chief Operations Officer in Orlando, Florida and McKinney, Texas since April 2015.

Vice President of Operations, Training, and IT – Matt E. Poleos. Mr. Poleos has served as our Vice President of Operations, Training, and IT in Orlando, Florida since July 2021. Prior to being promoted to his current position, Mr. Poleos served as our Director of Training in Orlando, Florida from January 2019 to July 2021.

Vice President of Development – Matthew Armstrong. Mr. Armstrong has served as our Vice President of Development in Orlando, Florida since January 2023. Prior to being promoted to his current position, Mr. Armstrong served as our Director of Development in Orlando, Florida from May 2016 to January 2023.

Vice President of Legal Affairs, Human Resources, and Franchise Sales – Stephanie Petersen. Ms. Petersen has served as our Vice President of Legal Affairs, Human Resources, and Franchise sales in Little Elm, Texas since March 2024. Prior to her promotion, Ms. Petersen served as our Director of Legal Affairs from January 2024 to March 2024. Prior to joining Huey Magoo's,

Ms. Petersen was the Director of Legal Services for Bonchon U.S.A., Inc. in Dallas, Texas from January 2021 to January 2023. Before that, Ms. Petersen was the Contract Manager and Paralegal for Campero U.S.A., Inc. in Dallas, Texas from June 2019 to December 2022. Ms. Petersen served as the Franchise Compliance Manager for Wingstop Restaurants, Inc. in Dallas, Texas from November 2006 to June 2019.

Director of Franchise Sales – Mark Lindquist. Mr. Lindquist joined Huey Magoo’s Restaurants, LLC in April 2024 as the Director of Franchise Sales. Prior to joining Huey Magoo’s, Mr. Lindquist was the Senior Director of Franchise Sales for Realty ONE Group Affiliates, LLC, in Laguna Niguel, California from November 2022 to October 2023. Before that, Mr. Lindquist held several positions with Culver Franchising System, LLC in Prairie du Sac, Wisconsin, including Franchise Development Manager, Risk Manager, Director of Training, and Area Representative, from June 1995 to September 2022.

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 Fee.

Unit Franchise

The initial franchise fee (“Initial Franchise Fee”) to open and operate a Huey Magoo’s Restaurant is \$35,000. The Initial Franchise Fee shall be payable to us at the time you sign the Franchise Agreement for the Restaurant. If you enter into a Development Agreement with us, the Initial Franchise Fee for your first Restaurant is paid upon execution of the Development Agreement as part of the Development Fee. We fully earn the Initial Franchise Fee and it becomes non-refundable, except if you fail to obtain an approved site for the Restaurant within 90 days from the Agreement Date, in which case we will have the right to terminate the Franchise Agreement. If we terminate the Franchise Agreement because you are unable to secure an approved site for your Restaurant, then we will refund 50% of the Initial Franchise Fee; provided that you sign a General Release in the form of Exhibit L to this Disclosure Document.

Other than the following exceptions, the Initial Franchise Fee is otherwise uniform to all franchisees currently purchasing a Huey Magoo’s Restaurant. A franchisee who signed a Development Agreement with us in 2022 to develop multiple Restaurants in a particular area must pay us a reduced Initial Franchise Fee for each Restaurant to be developed under that Development Agreement. We have entered into a License Agreement with Aramark for Huey Magoo’s on a college campus. The initial license fee associated with this license is discounted due to the nature of the location. Additionally, we waived the Initial Franchise Fee for our Predecessor in connection with the development rights we granted to our Predecessor to develop additional Restaurants in the Greater Orlando, Florida area.

Development Fee

If you are entering into a Development Agreement for the right to develop two or more Huey Magoo’s Restaurants, then you must pay us a Development Fee equal to: (i) the Initial Franchise Fee of \$35,000 for the first Huey Magoo’s Restaurant that you develop, plus (ii) a \$17,500 deposit for each subsequent Huey Magoo’s Restaurants you agree to develop and operate. You will then pay us the balance of the Initial Franchise Fee (i.e., \$17,500) at the time you execute a lease or an agreement of sale for the Restaurant location. If you own the proposed site, you will be required to lease the site to your franchise entity and the fee will be due upon execution of such lease which must be completed before you apply for a building permit. The Development Fee is fully earned when paid and not refundable under any circumstance.

No Other Initial Fees

Other than these initial fees, you do not pay us or our affiliate any other initial fees or payments for services or goods before your Huey Magoo’s Restaurant opens.

ITEM 6 - OTHER FEES

COLUMN 1 TYPE OF FEE	COLUMN 2 AMOUNT	COLUMN 3 DUE DATE	COLUMN 4 REMARKS
Royalty Fee ¹	5% of Gross Revenues	Payable weekly by EFT or ACH on Tuesday of each week for the prior week’s Gross Revenues	“Gross Revenues” means the entire amount of all your revenues and income generated from the ownership or operation of the Franchised Business and/or Huey Magoo’s Restaurant as more particularly defined in Section 18.1 of the Franchise Agreement after deduction for sales tax, customer refunds, employee meals, customer discounts and coupon sales.
Local Advertising Expenditure Requirement	2% of Gross Revenues	Incurred monthly	You must spend the amount in Column 2 on the local or regional advertising and promotional activities (collectively “Local Advertising and Promotion”) that we specify in our Manuals or otherwise or approve in advance. Proof that you satisfied your Local Advertising Expenditure Requirement must be made to us. Gross Revenues is defined under Royalty Fee above.

COLUMN 1 TYPE OF FEE	COLUMN 2 AMOUNT	COLUMN 3 DUE DATE	COLUMN 4 REMARKS
Advertising Contributions to the Advertising Fund	Up to 3% of Gross Revenues (currently 2% of Gross Revenues, See Remarks)	Payable weekly by EFT or ACH on Tuesday of each week for the prior week's Gross Revenues	<p>We have not yet formed a separate Advertising Fund entity but we segregate all contributions to the Advertising Fund in a separate account. Account activity is available on request.</p> <p>We have the right to increase the contribution to 3%, upon notice to you, after there are 500 Huey Magoo's restaurants in operation.</p> <p>We define "Gross Revenues" under Royalty Fee above.</p>
Local and Regional Cooperative Advertising ²	As determined by the members of the Cooperative (not less than 1% nor more than 2% of weekly Gross Revenues)	Payable weekly by EFT or ACH on Tuesday of each week for the prior week's Gross Revenues	<p>We established 1 advertising cooperative in the Orlando, FL DMA.</p> <p>If we establish an advertising cooperative in the DMA in which your Restaurant operates and require you to participate in the cooperative, then we will credit your payments to the cooperative against your Local Advertising expenditures. Company-owned Restaurants located in your DMA will also contribute to the advertising cooperative and will have the same voting power as franchised Restaurants.</p> <p>For the purposes of this Disclosure Document, "DMA" means a Designated Marketing Area, which is a geographic area defined by the Nielsen Media Research Company as a group of counties that make up a particular television market.</p>

COLUMN 1 TYPE OF FEE	COLUMN 2 AMOUNT	COLUMN 3 DUE DATE	COLUMN 4 REMARKS
Radio and Television Commercials	Varies	Immediately upon receipt of invoice	We reserve the right to require you to reasonably advertise on radio or television. If we do so, you may be required to share the cost of such radio and television promotions with other franchisees in your television and/or radio market.
Supplier Approval Cost ¹	Actual Costs to us (up to \$1,000)	Immediately upon receipt of invoice	You will pay a charge not to exceed the reasonable cost of the inspection and the actual cost of the testing (not to exceed \$1,000)
Ongoing Training Fees	\$500 per day	Immediately upon receipt of invoice	We may require you, the Designated Representative, the Manager, the assistant managers and other key employees of the Huey Magoo's Restaurant to attend ongoing training at our training facility, or at your Huey Magoo's Restaurant or another location we designate. In addition, we may develop and require you to purchase an in-restaurant training program. You are also solely responsible for all travel, meals and lodging costs for your attendees.
New Employee/Agent Training	\$500 per day	Immediately upon receipt of invoice	You must pay the training fee in Column 2, if you (i) do not have at least 2 managers that have attended the Initial Training or a subsequent and equivalent training program conducted by us, in which case the new managers must attend and successfully complete our manager training program; (ii) elect to have more than 4 trainees attend the New Employee Training. You also responsible for all travel, meals and lodging costs for your attendees.
Fees for Special Assistance ¹	\$500 per day, plus our out-of pocket expenses	Immediately upon receipt of invoice	We may furnish upon your request non-routine guidance and assistance to deal with your unusual or unique operating problems. You must pay the per diem fee in Column 2, plus

COLUMN 1 TYPE OF FEE	COLUMN 2 AMOUNT	COLUMN 3 DUE DATE	COLUMN 4 REMARKS
			the out-of-pocket expenses we incur.
Research and Development Related Fees	Varies	Immediately upon receipt of invoice	We may conduct market research and testing to determine consumer trends and the salability of new Menu Items and services. If you wish to participate in our market research programs (and we agree), then you must purchase a reasonable quantity of the products or services tested and effectively promote and make a good faith effort to sell such products in your Restaurant.
Insurance Coverage Reimbursement ¹	Cost of the insurance, interest on the monies we advance and a 15% administrative fee	Immediately upon receipt of invoice	If you fail to maintain the insurance that we require under the Franchise Agreement, we may obtain the insurance on your behalf and charge you the amount in Column 2. Premiums may vary depending upon factors such as the insurance company selected and your claims experience.
Custom Home Page and E-mail Address Fee ¹	See Remarks	Within 10 days of the end of the previous calendar month	We do currently not provide a custom Home Page and/or E-mail Address to you, but we reserve the right to do so. If we do so in the future, you will pay a separate fee to our marketing company for such service. We allow you to have your own Facebook page subject to our marketing company's supervision to ensure the use of our Marks is consistent with the Franchise Agreement.

COLUMN 1 TYPE OF FEE	COLUMN 2 AMOUNT	COLUMN 3 DUE DATE	COLUMN 4 REMARKS
Reimbursement of Audit Costs ¹	Actual cost to us	Immediately upon receipt of invoice	We have the right to have an audit made of your records and conduct a physical inventory. If any audit discloses an understatement of 2% or more of Gross Revenues, you will pay us the amount of the understatement and reimburse us for all expenses of the audit (including reasonable accounting and attorneys' fees and costs).
Deficiencies ¹	Actual cost to us	Immediately upon receipt of invoice	If you do not satisfy your obligations under the Franchise Agreement, we may perform your obligations for you. You must reimburse us for our costs in performing your obligations plus a 15% administrative fee.
Management Fee ¹	\$500 per day	Monthly	If we elect to operate your Huey Magoo's Restaurant under the applicable provisions of the Franchise Agreement, we will account to you or your estate for all net income from the operation less our reasonable expenses incurred and a management fee for our management of your Huey Magoo's Restaurant. We will manage and operate your Restaurant for the period of time we (in our judgment) deem necessary, but not for more than 1 year. We will periodically discuss the status of our operation and management of the Restaurant with you or the representatives of your estate.

COLUMN 1 TYPE OF FEE	COLUMN 2 AMOUNT	COLUMN 3 DUE DATE	COLUMN 4 REMARKS
Technology Fee	Up to 1% of Gross Revenue	Payable when you pay your Royalty Fee	While we do not currently charge this fee, we have the right to begin collecting it on 30 days' prior written notice to you. Technology Fees cover technology expenditures we deem best for the franchise system (and company- and affiliated-owned Restaurants), including mobile training and operational performance software, cloud-based franchise-management solutions, IT phone support and database maintenance, digital marketing, online ordering and loyalty subscriptions, mobile device management, and e-learning solutions.
Lease Assistance Reimbursement	As incurred	Immediately upon receipt of invoice	If you will be leasing your Restaurant Location, we require that you the landlord for Restaurant Location sign our form of lease rider as condition to our approval of your lease. If we are required to negotiate that lease rider with the landlord, then you must reimburse us for the actual costs we incur in connection with such negotiation.
Our Attorneys' Fees ¹	As incurred	Immediately upon receipt of invoice	If after the Franchise Agreement is signed: (i) you request our written consent to any action of yours; or (ii) we have our attorney prepare a letter, notice of default or notice of termination to you, you agree to reimburse us for our attorneys' fees and costs.
Entity Transfer Fee (Entities Owned By You) ¹ – Franchise Agreement	\$500	When you transfer	If we permit you to transfer the Franchise Agreement to an entity owned by you, you will pay us a Transfer Fee of \$500.
Transfer Fee (3 rd Party Transferee) ¹ –	\$17,500	When you transfer (See Remarks)	If you sell or transfer your Huey Magoo's Restaurant to a bona fide 3 rd party transferee, you must pay us

COLUMN 1 TYPE OF FEE	COLUMN 2 AMOUNT	COLUMN 3 DUE DATE	COLUMN 4 REMARKS
Franchise Agreement			a Transfer Fee of \$17,500 payable as set forth in the Franchise Agreement. You must pay us a \$5,000 deposit at the time you submit an application for consent to transfer. We have the right to increase the deposit above \$5,000 and up to \$17,500, if we believe our costs and expenses will exceed \$5,000. We will refund the \$5,000 (or any increased deposit amount) less our costs and expenses (including our time) if the transfer is not completed.
Transfer Reimbursement (Transfer to Family Members or Among Owners) – Franchise Agreement	Up to \$2,500	When you transfer	If the transfer is between an original Franchise Owner or an individual who has been a Franchise Owner for at least 5 years and an immediate family member of that Franchise Owner, or if the transfer is among individuals who have each been Franchise Owners for at least 5 years, then you must reimburse us for the reasonable costs and expenses we incur in connection with evaluating such transfer.
Transfer Fee – Development Agreement	\$17,500	When you transfer (See Remarks)	
Relocation Fee ¹	Up to \$2,500	When you relocate	If you must relocate your Huey Magoo’s Restaurant, you will reimburse us for our costs incurred in assisting you with relocation (but not to exceed \$2,500).
Interest on Late Payments and insufficient funds charges ¹	The lesser of: (i) 18% per annum; or (ii) the maximum rate of interest permitted by law.	Immediately upon receipt of invoice	If any payment under the Franchise Agreement or any other agreement between us and you is overdue for any reason, you must pay to us, on demand, in addition to the overdue amount, any insufficient funds (NSF) charges we incur and interest on the overdue amount from the date it was

COLUMN 1 TYPE OF FEE	COLUMN 2 AMOUNT	COLUMN 3 DUE DATE	COLUMN 4 REMARKS
			due until paid equal to the lesser of: (i) 18% per annum; or (ii) the maximum rate of interest permitted by law.
Late Charge ¹	\$150	Immediately upon receipt of invoice	In addition to interest on overdue amounts, you will pay a late charge for each payment more than 10 days overdue to cover our administrative costs in dealing with the late payment.
Liquidated Damages for Opening Without Our Consent ^{1 and 3}	\$500 per day	Immediately upon receipt of invoice	You agree not to open your Huey Magoo's Restaurant for business before we have given you our written consent.
Liquidated Damages for Sale of Prohibited Products or Services ^{1 and 3}	\$1,000 per day if you offer unauthorized products or services	Immediately upon receipt of invoice	You agree that the offer to sell or the sale of unauthorized or prohibited products and services will result in damages to us.
Liquidated Damages for Violation of Covenant Not to Compete ^{1 and 3}	\$1,000 per week	Immediately upon receipt of invoice	In addition to our right to seek injunctive relief, if you compete with us, directly or indirectly, including conspiring with a family member or third party, in violation of your Franchise Agreement, we have the right to require that you report to us all sales made by the Competitive Business and pay us liquidated damages without deeming to have modified the Franchise Agreement.

COLUMN 1 TYPE OF FEE	COLUMN 2 AMOUNT	COLUMN 3 DUE DATE	COLUMN 4 REMARKS
Liquidated Damages for Premature Termination ^{1 and 3}	\$50,000 or the average projected royalties for the remainder of the Term, whichever is less	Immediately upon receipt of invoice	This amount is due if you default under your Franchise Agreement in lieu of us having to sue and prove our actual damages. You are also liable for pre-judgment and post-judgment interest and our attorneys' fees and costs. Other than a claim for monetary damages or lost profits, this payment is not exclusive of any other remedies that we have including a right to injunctive relief. This payment does not relieve you from your obligations that survive the termination or expiration of the Franchise Agreement including the obligations of indemnification, confidentiality and non-competition.
Indemnification ¹	Actual cost to us	Immediately upon receipt of invoice	You indemnify and hold us harmless from all damages (including reasonable attorneys' fees and costs), from claims brought by third parties involving your ownership or operation of your Huey Magoo's Restaurant. This indemnity obligation continues in full effect after the expiration or termination of your Franchise Agreement.
Enforcement Costs ¹	Actual cost to us	Immediately upon receipt of invoice	If any mediation, arbitration, legal action or other proceeding is begun for the enforcement of your Franchise Agreement, or for an alleged dispute, breach, default or misrepresentation under any provision of your Franchise Agreement, the prevailing party is entitled to recover reasonable pre-institution and post-institution attorneys' fees, court costs and all expenses even if not taxable as court costs. If We engage legal counsel for your failure to pay when due any monies owed under your Franchise Agreement or submit when due any reports, information or supporting

COLUMN 1 TYPE OF FEE	COLUMN 2 AMOUNT	COLUMN 3 DUE DATE	COLUMN 4 REMARKS
			records, or for any failure otherwise to comply with your Franchise Agreement, you must reimburse us for all of the Enforcement Costs We incur.

- ¹ This fee is payable to us.
- ² This fee is payable to the Cooperative.
- ³ Certain states have statutes that restrict or prohibit the imposition of liquidated damages provisions. Fair practice laws, contract law and state and federal court decisions also restrict the imposition of liquidated damages.
- ⁴ Certain fees described above have been discounted as described in Item 5 above.

Payments by EFT.

You will open a separate operating account with a bank for the Huey Magoo’s Restaurant. Upon our request, you will make all payments to us by pre-authorized transfers from the operating account by electronic fund transfers that We process at the time any payment is due or by any other payment system that We designate.

Nonrefundable.

All fees are nonrefundable.

Uniformity.

The expenses in this ITEM 6 are uniform for persons currently offered a Franchise or Development Rights.

Advertising Cooperatives — Voting Power of Company-Owned Restaurants.

We have established one advertising cooperative in the Orlando, Florida DMA. company-owned Restaurants whose exclusive territories are located within the DMA of the advertising cooperative must join the advertising cooperative and will have the same voting power as franchised Restaurants. “DMA” means a Designated Marketing Area, which is a geographic area defined by Nielsen Media Research Company as a group of counties that make up a particular television market. These counties comprise the major viewing audience for the television stations located in their particular metropolitan area. For the most part, the metropolitan areas correspond to the standard metropolitan statistical areas defined by the Federal Government Office of Management and Budget. The areas do not overlap, and every county in the United States belongs to only one DMA. If we create an advertising cooperative in your DMA, the obligation of each

Restaurant to contribute to an advertising cooperative will be 2% of weekly Gross Revenues. We will credit these contributions against Your obligation for Local Advertising and Promotion expenditures.

Royalty Fees.

You will pay a weekly Royalty Fee equal to 5% of your Restaurant’s Gross Revenues for the prior week. You will pay your Royalty Fees by electronic fund transfer (EFT) or (ACH). We will be initiating and extracting those funds from your bank account. We will have access to your POS sales through Qu Beyond POS System and will pull your daily Gross Revenues report (“Daily Gross Revenues Report”) and calculated Royalty Fee. If we are unable to pull your Daily Gross Revenues Report for any reason, we may require that you submit your Daily Gross Revenues Report accurately records reflecting all Gross Revenues for the previous Saturday through Friday period, the computation of Royalty Fees, Advertising Contributions and all other information we require. We may, upon 30 days’ prior written notice to you, require you to pay your Royalty Fee by check, pre-authorized check, or similar mechanism. We may, upon notice, require you to pay your Royalty Fees on a different periodic basis.

ITEM 7 - ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT – SINGLE RESTAURANT FRANCHISE

COLUMN 1 TYPE OF EXPENDITURE	COLUMN 2 AMOUNT	COLUMN 3 METHOD OF PAYMENT	COLUMN 4 WHEN DUE	COLUMN 5 TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee ¹	\$35,000	Lump Sum	Upon signing the Development Agreement or the Franchise Agreement	Us
Grand Opening Advertising Fee ²	\$15,000 to \$20,000	As Incurred	During the month before beginning business	Various Contractors/Suppliers
Prepaid Rent and Security Deposit ³	\$7,500 to \$30,000	As Incurred	Before beginning business	Per agreement with Landlord
Architectural, Engineering and Consultants ⁴	\$16,500 to \$59,500	As Incurred	Before beginning business	Various Contractors, Engineers and Consultants

COLUMN 1 TYPE OF EXPENDITURE	COLUMN 2 AMOUNT	COLUMN 3 METHOD OF PAYMENT	COLUMN 4 WHEN DUE	COLUMN 5 TO WHOM PAYMENT IS TO BE MADE
Leasehold Improvements ⁴	\$340,000 to \$1,350,000	As Incurred	Before beginning business	Landlord, Lenders and/or Contractors/Suppliers
Equipment, Millwork, Trade dress, Graphics ⁵	\$325,000 to \$534,000	As Incurred	Before beginning business	Third Party Vendor
Computer and Point of Sale System and Other Technology ⁶	\$9,900 to \$33,800	As Incurred	Before beginning business	Third Party Vendor
Low Voltage Package ⁶	\$20,500 to \$26,000	As Incurred	Before beginning business	Third Party Vendor
Signage and Canopies ⁷	\$4,000 to \$233,000	Lump Sum	Before beginning business	Third Party Vendors
Utility Deposits ⁸	\$0 to \$5,000	Lump Sum	Before beginning business	Utility Companies
Opening Inventory and Training Period ⁹	\$30,000 to \$65,000	As Arranged	Before beginning business	Approved Suppliers
Smallwares and Restaurant Supplies ¹⁰	\$11,500 to \$14,000	As Incurred	Before beginning business	Approved Suppliers
Insurance ¹¹	\$10,000 to \$19,000 (not including the costs of workers' compensation insurance)	As Arranged	Before beginning business	Insurance Agent or Company
Licenses and Permits ¹²	\$3,000 to \$60,000	As Incurred	Before beginning business	Governmental Authorities
Attorney's Fees ¹³	\$2,000 to \$6,500	Lump Sum	Before beginning business	Attorney

COLUMN 1 TYPE OF EXPENDITURE	COLUMN 2 AMOUNT	COLUMN 3 METHOD OF PAYMENT	COLUMN 4 WHEN DUE	COLUMN 5 TO WHOM PAYMENT IS TO BE MADE
Accountant's Fee ¹⁴	\$1,500 to \$2,500	Lump Sum	Before beginning business	Accountant
Travel, Lodging, Meals, Etc. for Initial Training ¹⁵	\$14,000 to \$55,000	As Incurred	Before Beginning Business	Airlines, Hotels and Restaurants
Advertising ¹⁶ (3 months)	\$2,500 to \$5,000	As Arranged	As Arranged	Us, Advertising Media Vendors
Additional Funds ¹⁷ (3 months working capital)	\$15,000 to \$60,000	As Incurred	During the first 3 months of operation	Third Parties
TOTAL	\$862,900- \$2,613,300⁽¹⁸⁾			

¹ **Initial Franchise Fee** See ITEM 5 INITIAL FEES for a description of the Initial Franchise Fee.

² **Grand Opening** We require you to spend a minimum of \$15,000 and up to \$20,000 during the 120-day period beginning 30 days before the opening of a Huey Magoo's Restaurant and, upon our request, provide to us proof of these expenditures. In addition, you must perform opening advertising and promotions as required by your Franchise Agreement if you relocate the Huey Magoo's Restaurant or reopen the Huey Magoo's Restaurant after it has been closed for 30 days or more. Although you may not incur expenditures specific to a Grand Opening, we nevertheless require you to budget up to \$20,000 for other pre-opening expenses.

³ **Rent and Security Deposit** (estimated) In the event that you lease rather than own real estate and construct a building, the space should be between 850 to 1250 sq. ft. for an Express Restaurant, 1800 to 3000 sq. ft. for an Inline Restaurant, and 2400 to 3600 sq. ft. for a Drive-Thru/Pick-Up Restaurant located in a free-standing building. The average size will be around 2100 sq. ft. We assume that the landlord will require first and last month's rent and a security deposit equal to 1 month's rent. Lease costs will vary based upon variances in: (i) size in square feet leased; (ii) cost per square foot; (iii) amount of percentage rent, if any; (iv) the sales figure that percentage rent begins to apply; (v) common area maintenance costs; and (vi) merchant's association costs. These variances are determined by location, the length of the lease, the age of the leased property, local market conditions, the size of the Restaurant Location and the bargaining power of the developer or the property management company. Frequently, developers will attempt to discuss rent as a percentage of gross receipts as expressed in a cost per square foot. They see costs expressed as a percentage of gross revenues.

⁴ **Leasehold Improvements** You must conform the location to our then-current trade dress specifications. We assume your location will be between 850 to 1250 sq. ft. for an Express Restaurant, 1800 to 3000 sq. ft. for an Inline Restaurant, and 2400 to 3600 sq. ft. for a Drive-Thru/Pick Up unit located in a free-standing building. The costs of improvements will range between \$400.00 per square foot (Express Restaurant) to \$562.00 per square foot for an Inline Restaurant or Drive-Thru/Pick-Up Restaurant (which does not could include all site preparation costs that are in addition to store construction). Site preparation costs can be substantial in addition to Leasehold Improvement costs. Ranges can be up to \$100,000 to \$500,000, depending on conditions. The cost of leasehold improvements for your Huey Magoo's Restaurant will vary as a function of size, condition and location of the Restaurant Location, level of finish, price differences among contractors, local wage rates and material costs, other local conditions and the nature of your leasehold improvements. The previous tenant or the landlord may have installed leasehold improvements that are very compatible and reduce your costs. The amounts may be less if the location is currently operating as an existing restaurant. All leasehold improvements relate to conforming the Restaurant Location to our current standards for layout, traffic flow, merchandising, trade dress, and other specifications. Costs will also be less if We approve and you construct an Express Restaurant.

In many instances landlords will provide for tenant improvement allowances which could reduce your upfront construction costs. In such instances, your rent may be higher in the event the leasehold improvements made by the landlord are amortized over the term of the lease to reimburse landlord for such upfront costs.

The higher end of the projections is based on the addition of a drive-thru window with two (2) lanes and free-standing canopies and/or the construction of a free-standing building. However, these costs do not include site acquisition costs should you choose to buy a site for the construction of a free-standing restaurant. Costs include engineering and architectural fees which may range from \$47,700-\$59,500.

⁵ **Equipment, Millwork, Trade Dress and Graphics** You must purchase and/or lease and install the furniture, fixtures, equipment and decor necessary to operate your Huey Magoo's Restaurant in accordance with our then-current trade dress specifications. The costs will vary according to local market conditions, the size of the Restaurant Location, your selections made from our approved line of items, price differences among suppliers, the location of the Restaurant Location and other related factors. You can expect initial cash outlays to be lower if you lease the items rather than purchase them or if any compatible items are included with the lease for the Restaurant Location. Items such as ovens, fryers and kitchen appliances are included in this item. We generally do not permit purchase or installation of used equipment without our specific written approval.

⁶ **Computer and POS System and other Technology** We believe that computers and management information systems play a critical part in the performance of the Huey Magoo's Restaurant and System including the 7 Shifts Software. We require that all new Huey Magoo's Restaurants open with the Qu Beyond POS System as designated by us along with all communication, peripheral equipment and related accessories and software we mandate and you must purchase a head set and wiring for drive-through units. There are no upfront fees for the POS

System, but each system is leased. We reserve the right to change the recommended POS System as may be prudent given changes in the technology. In such instances you will be required to adopt such new POS. This cost includes Staging and Installation of all POS equipment including Network rack equipment, wired and wireless network equipment, internet failover modem, external network cables, and CC terminals. Tax, Shipping, and Travel for POS system installation is not included in the cost. The cost for drive thru locations includes headsets, speaker, microphone, and drive thru timer. This cost does not include credit card payment devices, which must be purchased through our approved credit card vendor. [See Computer and POS requirements, *infra*.]

Costs include a Low Voltage Package which may range from \$20,500 to \$26,000. The Low Voltage Package includes all in-wall low voltage cabling for the POS System and other networked devices, includes music player and speakers, complete phone system, burglar alarm system, and security cameras.

⁷ **Signage and Canopies** We specify the outdoor and indoor signs and graphics. You must prepare, construct and erect the signs and graphics after obtaining approval from the applicable governmental authority and the landlord. You will maintain the signs and graphics in a condition acceptable to us. Sign package costs will vary greatly depending on type of building, size and local code. Signage and Canopies includes: Exterior building signs, cloth canopies, exterior design elements (including the fabricated “eyebrow” canopy, lid over the drive thru, all drive thru equipment and menu boards, site directional signate, and pole or monument signage). Included in the high end estimate are up to two (2) large, free-standing canopies estimated to cost approximately \$83,000.

⁸ **Utility Deposits** You will incur certain deposits with local utilities, *e.g.*, electric, telephone, gas, water, etc. These will vary depending on the policies of the local utilities.

⁹ **Opening Inventory** The opening inventory must be sufficient to meet the anticipated needs of the Huey Magoo’s Restaurant. Opening inventory includes food ingredients (including paper goods, chemical cleaners and various other items essential to the opening of a Huey Magoo’s Restaurant as approved by us). These items include training inventory as well. We recommend that you do weekly inventory to ensure that you receive accurate deliveries of chicken tenders. Each full 40 lb. case should be counted and the count reported to us and you should confirm the count for at least one case per week.

¹⁰ **Office and Restaurant Supplies** We will only allow office and restaurant supplies and smallwares to use in the operation of the Restaurant that support the image and positioning of the System in the marketplace as specified in the Operations and Policies Manual.

¹¹ **Insurance** As discussed in ITEM 8, We require that you carry certain insurance specified in the Operations and Policies Manual. The method and timing of payments is between you and your insurer. Because the selection of the carrier, size of the Restaurant Location, location of the Restaurant Location, value of the leasehold improvements, amount of inventory, amount of wages and other related conditions vary considerably, it is difficult to estimate the ultimate cost to any given franchisee. In light of the availability of insurance, We estimate the total cost with

the caution that you should obtain quotes from carriers of choice before proceeding. Our estimate is \$10,000 to \$19,000 per year for insurance coverage other than for workers' compensation insurance. The cost and specifications for workers' compensation insurance is particular to the state in which you are located and is generally based on gross annual salaries or wages incurred by your Huey Magoo's Restaurant, exclusive of payments to you. The cost of workers' compensation insurance varies from state to state. Please discuss the costs of workers' compensation insurance with your insurance agent or advisor. You must maintain the following minimum required insurance from insurance providers that meet our criteria as stated in our Manuals: (i) property insurance on the Huey Magoo's Restaurant, restaurant improvements and all fixtures, equipment, supplies and other property used in the operation of the Huey Magoo's Restaurant; (ii) business interruption insurance that covers your loss of income and our Royalty Fees; (iii) comprehensive general liability insurance (which may include umbrella liability); (iv) automobile liability insurance on all owned, hired, rented and non-owned vehicles; and (v) workers' compensation and employer's liability insurance covering all of your employees. In addition, the required liability insurance must (i) name Huey Magoo's Restaurants, LLC as additional insured; (ii) provide severability of interests and/or separation of insureds coverage; and (iii) be primary and non-contributory with any insurance policy carried by us. We may from time to time modify the required minimum limits and require additional insurance coverage, by providing written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the Huey Magoo's system, standards of liability and higher damage awards. This insurance may be in addition to any other insurance that you must obtain based on the requirements of applicable law, your landlord's requirements, your lender's requirements or otherwise. Insurance coverages for (i), (ii) and (iii) shall be in amounts not less than \$2,000,000 and with a general aggregate limit of not less than \$3,000,000; and \$500,000 for (iv) and (v). To the extent attainable at a reasonable cost, your statutory limits will also obtain coverage for food and airborne illness with coverage of at least \$1,000,000. In addition to complying with the foregoing insurance requirements, we strongly recommend (although we currently do not require) that you obtain cyber security risk insurance. Cybercriminal activities have become more rampant in recent years, resulting in many companies being subjected to (i) compromises of their systems, (ii) the release of their customer's personal data, (iii) attacks which freeze operations, as well as other cyber threats. Cybersecurity risk insurance will help to protect your Business upon the occurrence of any cybercrimes or cyber related threats.

¹² **Licenses and Permits** Local, municipal, county and state regulations vary on what licenses and permits (*e.g.*, occupancy permits, business license, etc.) You must obtain to operate a Huey Magoo's Restaurant and resulting fees, payments and taxes to which your Restaurant will be subject (*e.g.*, sales taxes, personal property taxes, etc.). Various states may impose impact fees which may range between \$3,000-\$60,000. Such fees are not uniform and are not included in this category. You should confirm with your state authorities whether an impact fee is assessed and the extent of such fee.

¹³ **Attorney's Fees** (estimated) You must sign the Franchise Agreement individually. You may decide to form a business entity to operate the Huey Magoo's Restaurant before beginning operations. You will have to comply with the fictitious, assumed, or trade name statutes of the state in which the Huey Magoo's Restaurant will be located. These estimates include attorneys'

fees, publication fees, filing fees and other costs for incorporation, compliance with your state's fictitious or assumed name statute, review of this Franchise Disclosure Document, and lease review and negotiation, depending on the scope of representation. These fees may vary from state to state depending on each state's laws and the prevailing rates of attorneys' fees.

¹⁴ **Accountant's Fees** (estimated) We recommend that you retain an accountant to advise you on matters including the preparation of a business plan, tax issues regarding business entity formation, the setup of an accounting system, tax planning and compliance. You must use our form of charts of account. Year-end financial statements must be provided to us within 90 days from your fiscal year-end.

¹⁵ **Travel, Lodging & Meals for Initial Training** This is an estimate based on 4 trainees. There is no additional training fee for your first 4 trainees. You must send at least 3 trainees if you are operating an Express or Inline Restaurant (or 4 trainees if you are operating a Drive-Thru/Pick-Up Restaurant) including you or your Designated Representative and a Manager. We have the right to require you to send additional trainees in the event we deem it necessary for your operation. You will be responsible for all travel, meals, lodging and out-of-pocket expenses, workers' compensation insurance and all employee compensation along with federal and state taxes for the trainees plus a training fee of \$500 per day per trainee above 4 trainees. We assume no responsibility for your human resource-related liabilities or costs during initial training. The typical costs of training that you will bear are the Training Fees, travel expenses, lodging, compensation and meals for the trainees. The estimate is for items that are non-discretionary in nature. Generally, these costs vary widely as a function of the distance traveled, the accommodations selected, the restaurants eaten in, the distance between the hotel and the training center and the transportation selected. The costs include \$170 to \$240 per person for uniform shirts and hats as well as \$4,000 to \$10,000 per person for high volume training for drive-thru or pick-up window locations.

¹⁶ **Advertising** During the first 3 months following the opening of your Restaurant, you will be required to participate in an incremental paid social media campaign, which will be customized to your Restaurant's demographics and needs. You will be required to use our designated vendor for this campaign. The cost for this campaign is between \$2,500 and \$5,000 and is in addition to the Grand Opening Advertising Program above.

¹⁷ **Additional Funds** You should have adequate working capital before beginning operation of the Huey Magoo's Restaurant. Working capital should be sufficient to keep the Huey Magoo's Restaurant in operation for 3 months and capable of covering the excess of expenses over cash flow from the Huey Magoo's Restaurant including employee salaries and taxes, inventory replenishment, insurance premiums, rent, utilities, advertising costs and other normal expenses that are associated with the day-to-day business operation of the Huey Magoo's Restaurant. You must be able to meet operating expenses from pre-opening, including hiring and training expenses, until the Restaurant develops sufficient cash flow to cover all costs. These figures do not include any payments to you during the start-up period. Additional capital requirements will be a function of your decisions regarding nearly every aspect of your Huey Magoo's Restaurant, *e.g.*, the size of the payroll, rent, utilities, size of the operation and many other expenses that you decide to incur. This amount also includes possible

miscellaneous opening costs, including but not limited to petty cash payments, temporary labor costs, rental of equipment, or storage needs.

¹⁸ **New Construction** The current estimate is based on building costs as of the date of this document. Building supplies and costs of labor have recently increased due to inflationary pressures and may result in yet higher building costs.

No Guarantee

We do not guarantee that you will not have greater start-up expenses than these estimates, or that you will not need more operating funds than these estimates. We do not imply or guarantee that you will “break even” by any particular time.

YOUR ESTIMATED INITIAL INVESTMENT – DEVELOPMENT AGREEMENT

(DEVELOPMENT OF TWO - TEN HUEY MAGOO’S RESTAURANTS UNDER AN DEVELOPMENT AGREEMENT)

COLUMN 1 TYPE OF EXPENDITURE	COLUMN 2 AMOUNT	COLUMN 3 METHOD OF PAYMENT	COLUMN 4 WHEN DUE	COLUMN 5 TO WHOM PAYMENT IS TO BE MADE
Development Fee ¹	\$52,500 to \$192,500 \$35,000 for the 1 st Franchise Agreement plus \$17,500 for each additional Huey Magoo’s Restaurant to be developed.	Lump Sum	On signing the Development Agreement	Us
Attorney’s Fees ²	\$2,000 to \$6,500	Lump Sum	Before beginning business	Attorney
Accountant’s Fee ²	\$1,500 to \$2,500	Lump Sum	Before beginning business	Accountant
TOTAL³	\$56,000 to \$201,500			

¹ **Development Fee** See ITEM 5 INITIAL FEES for a description of the Development Fee. The Development Fee will be the Initial Franchise Fee for the first unit to be developed plus 50% of the Initial Franchise Fee in effect on the date the Development Agreement is signed by you, (currently \$35,000) multiplied by the number of additional restaurants to be developed. For each additional Restaurant you develop you will pay the balance of the Franchise Fee at the time you sign each Franchise Agreement. This estimate is for the development of two to

ten Restaurants (although ten Restaurants is not the maximum).

² **Attorneys' Fee and Accountant's Fee** The estimate of professional fees in this chart is in addition to the attorneys' fee and accountant's fee that we estimate you will pay in connection with developing each Restaurant.

³ **Total** For each franchised Restaurant you will operate under the Development Agreement, you must make the additional initial investment described in the applicable Item 7 table above. The amounts in the chart above in this Item 7 may change, depending upon when you begin operation of each of your Restaurant, since costs of the items on the charts are likely to rise with the passage of time.

Financing

As described in ITEM 10, neither We nor our agents or affiliates offer any financing arrangements to you.

ITEM 8 - RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Purchases from Us or Our Affiliates

You must purchase from us or our affiliates Proprietary Products and other items that we require if implemented on a Network-wide basis. We will charge you the same price that we charge all franchisees in the Business System, which will be competitive or in line with similar industry items and recipe products. You will submit payment for orders and pay all shipping, handling and insurance costs to us in the manner and in accordance with the price schedule we provide, which we may amend in our sole judgment. You agree to pay us for all orders in accordance with our then-current payment terms and policies. Your orders are subject to our acceptance and we reserve the right to wholly or partially accept or reject any order placed by you. We reserve the right to: (i) deny or limit the amount of credit we will extend to you; (ii) suspend shipments; (iii) make shipments only after all prior orders shipped to you have been paid in full; or (iv) make shipments on a cash in advance, on a C.O.D. basis, or on any other terms which we deem appropriate. Currently no products are purchased from us or any affiliates.

Purchases from Designated Suppliers

You must purchase certain products or services solely from third party suppliers that we designate and from no other suppliers.

Approved Supplies and Suppliers

You must purchase or lease certain specified products, services, inventory, equipment, fixtures, furnishings, signs, advertising materials, trademarked items and novelties, and other items or services (collectively, "Approved Supplies") in connection with the design, construction, equipping and operating of the Huey Magoo's Restaurant. Although we do not do so for every item, we have the right to approve the manufacturer, distributor and/or supplier of Approved Supplies. We will provide you with a list of Approved Suppliers and a list of Approved Supplies.

We reserve the right to amend both the list of Approved Suppliers and Approved Supplies. The Approved Suppliers have demonstrated: (i) the ability to meet our standards and specifications for the specified items; (ii) possess adequate quality controls and the capacity to supply your needs promptly and reliably; and (iii) must have the ability to provide the product and/or service, on a national basis, to at least 80% of the then existing Huey Magoo's Restaurants. We will use our best reasonable efforts to negotiate agreements with suppliers that are in the best interest of all Huey Magoo's Restaurants. We retain the right to receive compensation from these Approved Suppliers for our negotiation. In approving suppliers for the Business System, we may take into consideration factors like the price and quality of the products or services and the supplier's reliability. We may concentrate purchases with one or more suppliers to obtain the lowest prices and/or the best advertising support and/or services for any group of franchised Restaurants or company-Owned Restaurants. Approval of a supplier may be conditioned on requirements on the frequency of delivery, standards of service, warranty policies including prompt attention to complaints, and concentration of purchases, as stated above, and may be temporary, pending our additional evaluation of the supplier. All other inventory, products, materials and other items and supplies used in the operation of the Huey Magoo's Restaurants that are not included in the list of Approved Supplies or list of Approved Suppliers must conform to the specifications and standards we establish from time to time. We will provide you with specifications governing the minimum standards of certain products, services or equipment you procure from unrelated third parties in our Operations and Policies Manual or in other written notices we transmit to you. We may modify our specifications in writing, and may add new specifications in writing. We issue and modify specifications in writing, through our Operations and Policies Manual or other written notices to franchisees. **ALTHOUGH APPROVED OR DESIGNATED BY US, WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO SERVICES, PRODUCTS, EQUIPMENT (INCLUDING, WITHOUT LIMITATION, ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS AND, IN ADDITION, WE DISCLAIM ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE SERVICES RENDERED OR PRODUCTS FURNISHED BY ANY SUPPLIER APPROVED OR DESIGNATED BY US. OUR APPROVAL OR CONSENT TO ANY SERVICES, GOODS, SUPPLIERS, OR ANY OTHER INDIVIDUAL, ENTITY OR ANY ITEM DOES NOT CREATE ANY LIABILITY TO US.**

Coca-Cola Agreement

In August 2023, we entered into a Beverage Marketing Agreement with The Coca-Cola Company ("Coca-Cola"). Under that agreement, we agreed that Huey Magoo's franchisees will be required to exclusively purchase and serve a set of Coca-Cola fountain beverages and packaged juice beverages at the Restaurants. To assume this obligation, you must execute Coca-Cola's form of Participating Franchisee Agreement (a copy of which is attached as Exhibit G to this Disclosure Document).

Dr Pepper Agreement

In January 2024, we entered into a Fountain Support Agreement with Dr Pepper/Seven Up,

Inc., a Keurig Dr Pepper Company (“Dr Pepper”). We agreed that Huey Magoo’s franchisees will be required to purchase and serve the Dr Pepper fountain beverage at the Restaurants. To assume this obligation, you must execute Dr Pepper’s form of Franchisee Participation Agreement (a copy of which is attached as Exhibit H to this Disclosure Document).

Approval of New Specifications and Suppliers

If You propose to purchase or lease any equipment, supplies, inventory, advertising materials, construction services, or other products or services that are not proprietary to us or an Affiliate from an unapproved supplier, You must submit to us a written request for approval, or request that the supplier do so itself. We have the right to require, as a condition of our approval, that the supplier permit our representatives to inspect its facilities. If we request, the supplier will deliver samples to us or to our designated independent, certified laboratory for testing. We are not liable for damage to any sample that may result from the testing process. You will pay a charge not to exceed the reasonable cost of the inspection and the actual cost of the testing (not to exceed \$1,000). We may also require as a condition to our approval, that the supplier present satisfactory evidence of insurance (e.g., product liability insurance) protecting our Franchisees and us from all claims from the use of the item within the Business System. We will give you written notice of our approval or disapproval within 10 days after all testing and completion of the above conditions. We reserve the right to re-inspect the facilities and products of any approved supplier and continue to sample the products at the supplier’s expense. We reserve the right to revoke approval upon the supplier’s failure to continue to meet our standards and specifications.

Purchase of Site

If you intend to purchase the site for the Huey Magoo’s Restaurant, you must submit the purchase agreement to us for our written approval. You are solely responsible for securing any necessary purchase, construction, permanent or other financing of the site and the Restaurant Location. Once you acquire ownership of the Restaurant Location, you will enter into with us the Agreement Regarding Franchisee Lease, both as landlord and as the Franchisee, in the form included as Exhibit E to the Franchise Agreement and Development Agreement (as applicable).

Lease of Restaurant Location

Any lease must provide that the effectiveness of the lease is conditioned upon your obtaining our written approval. our approval will be given when the property owner, you and us sign our form of Agreement Regarding Franchisee Lease attached as Exhibit F to the Franchise Agreement and Development Agreement. We do not represent that we have any special expertise in negotiating leases. You agree that our approval or disapproval of a proposed lease does not impose any liability on us.

Plans and Specifications and/or Standard Recommended Floor Plan

We will provide you with a PDF of our prototype set containing certain specifications (which will not be site-specific and may include sample restaurant layouts and floor plans) for construction of the Restaurant Location concerning the design, decor, interior layout, fixtures, furnishings, equipment, signs and furnishings (collectively, the “Design Specifications”). The

Design Specifications are intended solely for reference and should not be distributed without our explicit prior written approval. You or your architect cannot adapt the Design Specifications for specific sites without our prior written consent. The Design Specifications may vary in their design and decor by region of the country, at our sole discretion. You will be required to engage an approved architect and engineer to produce site-specific construction documents for your Huey Magoo's Restaurant, which must be submitted to us for our prior review and approval. You cannot use or distribute any previously-approved site-specific construction documents for additional Huey Magoo's or other restaurants without our prior written consent. On or before the Opening Date, or at our earlier request, you must return these plans and specifications to us.

Specifications for Uniforms

We will provide you with our specifications for uniforms for your employees that you purchase directly from our Approved Suppliers.

Insurance

You must obtain and maintain at your expense certain insurance that includes the risks, amount of coverage and deductibles we require. This insurance may be in addition to any other insurance that you must obtain based on the requirements of applicable law, your landlord's requirements, your lender's requirements or otherwise. The insurance company must be reasonably satisfactory to us and have a Best rating of "B" or better. We may periodically adjust the amounts of coverage required under the insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, if the changes are required throughout the Huey Magoo's System including any Company-Owned Restaurants. These changes and additions to insurance coverage may be required to reflect inflation, the existence of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances. Currently, you must purchase and maintain the following minimum required insurance from insurance providers that meet our criteria as stated in our Manuals: (i) property insurance on the Huey Magoo's Restaurant, restaurant improvements and all fixtures, equipment, supplies and other property used in the operation of the Huey Magoo's Restaurant; (ii) business interruption insurance that covers your loss of income and our Royalty Fees; (iii) comprehensive general liability insurance (which may include umbrella liability); (iv) automobile liability insurance on all owned, hired, rented and non-owned vehicles; and (v) workers' compensation and employer's liability insurance covering all of your employees. In addition, the required liability insurance must (i) name Huey Magoo's Restaurants, LLC as additional insured; (ii) provide severability of interests and/or separation of insureds coverage; and (iii) be primary and non-contributory with any insurance policy carried by us. We may from time to time modify the required minimum limits and require additional insurance coverage, by providing written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the Huey Magoo's system, standards of liability and higher damage awards. This insurance may be in addition to any other insurance that you must obtain based on the requirements of applicable law, your landlord's requirements, your lender's requirements or otherwise. Insurance coverages for (i), (ii) and (iii) shall be in amounts not less than \$2,000,000 and with a general aggregate limit of not less than \$3,000,000; and \$500,000 for (iv) and (v). To the extent attainable at a reasonable cost, your statutory limits will also obtain coverage for food and airborne

illness with coverage of at least \$1,000,000. In addition to complying with the foregoing insurance requirements, we strongly recommend (although we currently do not require) that you obtain cyber security risk insurance. Cybercriminal activities have become more rampant in recent years, resulting in many companies being subjected to (i) compromises of their systems, (ii) the release of their customer's personal data, (iii) attacks which freeze operations, as well as other cyber threats. Cyber security risk insurance will help to protect your Business upon the occurrence of any cybercrimes or cyber related threats.

Local Advertising

You must submit to us for our approval all materials used for Local Advertising, unless we have previously approved the materials or the materials consist only of materials we provide. You are free to use your own advertising material only if you have obtained our prior written approval. All materials containing the Intellectual Property must include the applicable designation - service markssm, trademarkTM, registered[®] or copyright[©], or any other designation we specify. We may require you to withdraw and/or discontinue the use of any promotional materials or advertising, even if previously approved, if in our judgment, the materials or advertising may injure or be harmful to the Franchise System. You will have 5 days after you receive of our written notice to discontinue using the materials or advertising, unless otherwise agreed in writing.

POS System and Other Software

We do not currently have proprietary computer software that we require you to use. (While we require you to use the Computer and Point of Sale System and Other Technology of third-party vendors we designate and with which we have negotiated pricing for your benefit, that associated software is not proprietary to us.) If we or our affiliates develop proprietary computer software in the future, you must use our proprietary computer software programs. See Items 7 and 11 - Computer and POS System. You must purchase the POS System that we require (currently, the Qu POS System). We also require you to use the Human Resource software approved by us (currently, 7 Shifts) in the hiring, training and scheduling of your hourly workforce, along with managing your processes and paperwork online.

Gift Card Program

You must participate in, and comply with the requirements of, and must honor only system-wide gift cards, future loyalty rewards programs, certificates, vouchers and checks that we (or our affiliates) designate and you must obtain all certificates, cards or checks from an Approved Supplier. You must utilize a vendor approved by us for gift card processing. You must sign the forms and take any other action required in order for you to participate in such programs. You may not offer any coupon without our prior written approval.

Revenue from Required Purchases or Leases by Franchisees

We and/or our affiliates may derive revenue - - in the form of promotional allowances, volume discounts, commissions, other discounts, performance payments, signing bonuses, rebates, marketing and advertising allowances, free products, and other economic benefits and payments - - from suppliers that we designate, approve, or recommend for some or all Huey Magoo's Restaurants on account of those suppliers' prospective or actual dealings with your Restaurant and other Huey Magoo's Restaurants. That revenue may or may not be related to services we or our affiliates perform. All amounts received from suppliers, whether or not based on your or other franchisees' purchases from those suppliers, will be our and our affiliates' exclusive property, which we and our affiliates may retain and use without restriction for any purposes we and our affiliates deem appropriate. Any products or services that we or our affiliates sell you directly may be sold to you at prices exceeding our and their costs.

During 2023, we did not receive any revenue from selling or leasing any products or services directly to our franchisees. During 2023, except as set forth in this section, we did not receive any license fees, rebates, or other revenues from the sale by suppliers of proprietary sauces, seasonings, and spice blends, logoed items, or other proprietary items to our franchisees, but we reserve the right to do so in the future.

We have negotiated with soft drink suppliers to offer branded products in all Restaurants throughout the Huey Magoo's system. We earned rebates from the soft drink suppliers in 2023 totaling \$156,606.34. We deposited 100% of those rebates into the Advertising Fund for the entire System's benefit for marketing, marketing support, promotions, and research and development. This information is taken from our business records and financial statements. Soft drink suppliers pay our affiliates and franchisees directly a certain amount for each gallon of fountain syrup used in the Huey Magoo's Restaurants they operate (the amount paid is the same for company-owned and franchised Restaurants).

Magnitude of Required Purchases or Leases

Except as described above, there are no other goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Restaurant that you currently must buy or lease from us (or an affiliate) or designated suppliers. Collectively, the purchases and leases described above are virtually 100% of your overall purchases and leases in establishing and operating your Restaurant.

Purchasing or Distribution Cooperatives

We have no purchasing or distribution cooperatives serving our franchise system. Therefore, there are currently no purchasing or distribution cooperatives that you must join or in which you may participate.

Negotiation of Purchase Arrangements

We currently negotiate all food, beverage, and equipment purchases on behalf of the

System. There is no guarantee that we will continue to do so unless we can negotiate better pricing on behalf of the System.

Material Benefits

We do not provide material benefits to you based on your purchase of particular products or services or use of particular suppliers.

ITEM 9 - FRANCHISEE’S OBLIGATIONS
FRANCHISE AGREEMENT

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

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	FRANCHISE DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	ARTICLE 2; (<i>see</i> Section 2.1, 2.2(; ARTICLE 4; (<i>see</i> Section 4.1)	ITEMS 6, 7 and 11
b. Pre-opening purchases/leases	ARTICLE 4 (<i>see</i> Sections 4.1, 4.2, 4.3, 4.6, 4.9, 4.10 and 4.11	ITEMS 5, 6, 7, 8 and 11
c. Site development and other pre-opening requirements	ARTICLE 4 (<i>see</i> Sections 4.1, 4.2, 4.3, 4.4, 4.9, 4.10, 4.11, 4.12)	ITEMS 7, 8 and 11
d. Initial and ongoing training	ARTICLE 2 (<i>see</i> Sections 2.8, 2.11 and 2.13(k) and (1))	ITEMS 6, 7, 8, 11 and 15
e. Opening	ARTICLE 4 (<i>see</i> Section 4.11; <i>see also</i> Sections 4.1, 4.2, 4.3, 4.4, and 4.5)	ITEMS 7, 8 and 11
f. Fees	ARTICLES 1, 2, 3, 4, 8, 9, 10, 12, 16, 17 (<i>see</i> Sections 1.4(d), 2.1, 2.8(a), 2.8(b), 2.13(j), 2.13(k), 2.15, 2.16, 4.11, 8.2, 8.3, 9.7, 10.2(b), 10.2(g), 10.2(i), 12.2, 12.9, 16.2(a)(iv) and 17.5	ITEMS 5, 6 and 7
g. Compliance with standards and policies/operating manual (Operations and Policies Manual)	ARTICLES 2, 4, 5, 6, 7, 8, 9, 11 and 19	ITEMS 7, 8, 11, 15 and 16

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	FRANCHISE DISCLOSURE DOCUMENT ITEM
h. Trademarks and proprietary information	ARTICLES 5, 6 and 13	ITEMS 13 and 14
i. Restrictions on products/services offered	ARTICLE 1 (<i>see</i> Section 1.2); ARTICLE 4, ARTICLE 5 and ARTICLE 7	ITEMS 8 and 16
j. Warranty and customer service requirements	ARTICLE 4 (<i>see</i> Sections 4.4, 4.5, 4.6, 4.7, 4.8, 4.17, and 4.18)	ITEM 8 and 16
k. Territorial development	ARTICLE 1 (<i>see</i> Sections 1.2, 1.3, 1.4 and 4.1)	ITEM 12
l. Ongoing product/service purchases	ARTICLE 4 (<i>see</i> Sections 4.3, 4.5, 4.6, 4.7, 4.8, 4.9, 4.10, 4.11, 4.13)	ITEMS 6 and 8
m. Maintenance, appearance and remodeling requirements	ARTICLE 4 (<i>see</i> Sections 4.2, 4.3, 4.5 and 4.21)	ITEMS 6, 8, and 11
n. Insurance	ARTICLE 9	ITEMS 6, 7 and 8
o. Advertising	ARTICLE 7	ITEMS 6, 7, 8 and 11
p. Indemnification	ARTICLE 14 (<i>see</i> Section 14.2 and 14.3)	ITEMS 6 and 8
q. Owner's participation management/staffing	ARTICLE 2 (<i>see</i> Section 2.8); ARTICLE 4 (<i>see</i> Sections 4.4, 4.5, 4.14, 4.15 and 4.20)	ITEMS 6 and 15
r. Records and reports	ARTICLE 8	ITEM 6
s. Inspections and audits	ARTICLE 8	ITEMS 6, 8 and 11
t. Transfer	ARTICLE 10	ITEMS 6 and 17
u. Renewal	ARTICLE 16 (<i>see</i> Sections 16.2 and 16.3)	ITEMS 6 and 17
v. Post-termination obligations	ARTICLE 12	ITEM 17
w. Non-competition covenants	ARTICLE 13	ITEM 17
x. Dispute resolution	ARTICLE 17	ITEMS 6 and 17

DEVELOPMENT AGREEMENT

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

OBLIGATION	SECTION IN DEVELOPMENT AGREEMENT	FRANCHISE DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	ARTICLE 4	ITEMS 7 and 12
b. Pre-opening purchases/leases	Not Applicable	ITEMS 6, 7, 8 and 11
c. Site development and other pre-opening requirements	Not Applicable	ITEM 12
d. Initial and ongoing training	Not Applicable	ITEM 11
e. Opening	Not Applicable	ITEM 11
f. Fees	ARTICLE 3 and Exhibit B	ITEMS 5, 6 and 7
g. Compliance with Franchise Agreement	ARTICLE 8	Not Applicable
h. Trademarks and proprietary information	Articles 5 & 6	ITEMS 13 AND 14
i. Restrictions on products/services offered	Not Applicable	ITEM 16
j. Warranty and customer service requirements	Not Applicable	Not Applicable
k. Territorial development requirements	Article 1 and Exhibits A & B	ITEM 12
l. Ongoing product/service purchases	Not Applicable	Not Applicable
m. Maintenance, appearance and remodeling requirements	Not Applicable	Not Applicable
n. Insurance	Not Applicable	Not Applicable
o. Advertising	Not Applicable	Not Applicable
p. Indemnification	Not Applicable	ITEM 6
q. Owner's participation/management/staffing		ITEM 15
r. Records/reports	Article 7	Not Applicable

OBLIGATION	SECTION IN DEVELOPMENT AGREEMENT	FRANCHISE DISCLOSURE DOCUMENT ITEM
s. Inspections/audits	Not Applicable	Not Applicable
t. Transfer	Article 12	ITEMS 6 and 17
u. Renewal	Article 1 B	ITEMS 6 and 17
v. Post-termination obligations	Not Applicable	ITEM 17
w. Non-competition covenants	Article 11	ITEM 17
x. Dispute resolution	Article 13	ITEMS 6 and 17
y. Other	Not Applicable	Not Applicable

ITEM 10 - FINANCING

Neither we, our agents, nor our Affiliates offer direct or indirect financing to you, or guarantee any note, lease or obligation of yours.

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

Except as listed below, Huey Magoo’s Restaurants, LLC, is not required to provide you with any assistance.

DEVELOPMENT AGREEMENT

Pre-Opening Obligations

If you sign a Development Agreement with us, then under the Development Agreement, we will provide you with the following assistance and services, as long as you are not in default under your Development Agreement:

Designate your Development Area, the number of Restaurants you will open, and the Development Schedule/Minimum Development Quota setting the timetable you will follow for opening the Restaurants, based on our mutual agreement. [Development Agreement, Section 1.B] You and we will decide on your Development Area together, considering factors such as the general locations and neighborhoods and proximity to customers in the Development Area we are considering, the location of competitors in the Development Area, and other factors. In deciding on the number of Huey Magoo’s Restaurants and the Development Schedule for opening them, you and we will consider factors such as the potential total number of Huey Magoo’s Restaurants in the Development Area; how aggressive the opening schedule should be; your experience in the industry; and, the capital commitment you are able and willing to make. If you and we do not agree on the Development Area, the number of Restaurants to be opened and the development schedule,

then you and we will not sign a Development Agreement. We do not approve or disapprove of the site for your first Restaurant site under the Development Agreement, we do this under, and pursuant to the terms and conditions set forth in, the unit Franchise Agreement and in accordance with our then-current standards imposed in connection with same. However, we do approve and disapprove the sites for your subsequent Restaurant locations pursuant to the terms and conditions set forth in the Development Agreement and in accordance with our then-current standards imposed in connection with same.

The typical length of time between the signing of the Development Agreement and the opening of the 1st Huey Magoo's Restaurant is approximately between 6-12 months.

FRANCHISE AGREEMENT

Pre-Opening Obligations

After the parties sign the Franchise Agreement but before you open your Huey Magoo's Restaurant, we will provide you with the following assistance and services, as long as you are not in default under your Franchise Agreement.

Site Selection Assistance. We do not currently own sites for leasing to franchisees. You select the site for your Restaurant (the "Restaurant Location"). You must obtain our written approval of the proposed site for the Restaurant Location for your Huey Magoo's Restaurant before you sign a lease or begin any construction. Within 90 days after signing the Franchise Agreement, you must find a site that we approve in the geographical area we designate (the "Site Selection Area"). The Site Selection Area may be defined using both a written description and/or a map. We may require you to send to us all material information regarding the proposed Restaurant Location. The Site Selection Area will not determine the size or description of your Limited Protected Territory; it is only the geographical area within which you will have the right to look for a site for your Premises/Restaurant Location. including but not limited to: pictures of the site; population demographics within the lesser of a 3 mile radius of the site, or such area as includes a population of 60,000 people; information regarding traffic counts and patterns; parking spaces; visibility from the roadways; the predominant character of the neighborhood; competitive businesses within the area; the nature of other businesses in proximity to the site; and the size, appearance and other physical characteristics of the site. We will not unreasonably withhold, delay or condition our approval of any site meeting our standards. We will review site approval submissions on a first-in basis but within 30 days of your submission. If we do not approve the site, you have 30 days in which to submit a new site for our written approval. If you fail to do so in a timely manner, we have the right to terminate the Franchise Agreement and retain an appropriate portion of the Initial Franchise Fee to cover our costs and expenses we have incurred for the assistance we have provided to you under the Franchise Agreement. [Section 2.1 of the Franchise Agreement.]

Lease Assistance. If you intend to lease your Restaurant Location from a third party, the lease must provide that the effectiveness of the lease is conditioned upon your obtaining our written approval. Our approval will be given when the property owner, you and us sign our form of Agreement Regarding Franchisee Lease attached as Exhibit E to the Franchise Agreement in Exhibit C to this Franchise Disclosure Document. We recommend you submit the Agreement Regarding Franchisee Lease to the landlord at the beginning of your lease review and negotiation,

although the terms of the Agreement Regarding Franchisee Lease may not be negotiated without our prior approval. If the landlord requires us to negotiate the Agreement Regarding Franchisee Lease, we reserve the right to request that you reimburse us for our actual costs associated with the negotiation. You must sign a lease for the Restaurant Location within 120 days after the Agreement Date. You must e-mail us a PDF copy of the signed Lease and Agreement Regarding Franchisee Lease within 5 days of its execution. [Section 2.2 of the Franchise Agreement.]

Plans and Specifications. We will provide to you with a PDF of our prototype set containing certain specifications (which will not be site-specific and may include sample restaurant layouts and floor plans) for construction of the Restaurant Location concerning the design, decor, interior layout, fixtures, furnishings, equipment, signs and furnishings (collectively, the “Design Specifications”). The Design Specifications are intended solely for reference and cannot be shared or distributed without our explicit prior written approval. You or your architect cannot adapt the Design Specifications for specific sites without our prior written consent. The Design Specifications may vary in their design and decor by region of the country, at our sole discretion. You will be required to engage an approved architect and engineer to produce site-specific construction documents for your Huey Magoo’s Restaurant, which must be submitted to us for our prior review and approval. You cannot use or distribute any previously approved site-specific construction documents for additional Huey Magoo’s or other restaurants without our prior written consent. On or before the Opening Date, or at our earlier request, you must return these plans and specifications to us. [Section 2.3 of the Franchise Agreement.]

Business Planning Assistance. You agree that we will only review and comment on any business plan and/or pro forma financial projections you prepare after you sign the Franchise Agreement because we make no financial performance representations to you to induce you to purchase this Franchise. [Section 2.4 of the Franchise Agreement.]

Accounting, Cost Control, Portion Control and Inventory Control Business Systems. We will provide to you standardized accounting, cost control, portion control and inventory control systems. [Section 2.5 of the Franchise Agreement.]

Lists, Forms and Schedules. We will loan to you either in hard copy form or as electronic files, the following for use in the operation of the Huey Magoo’s Restaurant: (a) a list of Approved Supplies as developed and a list of Approved Suppliers as developed; (b) specifications for business cards, stationary, receipts, point-of-sale materials, frequent customer cards, gift cards, reporting documents, and other business forms and materials we deem necessary for the operation of the Huey Magoo’s Restaurant that you purchase from Approved Suppliers; you must obtain our written approval prior to purchasing any supplies not approved by us or from Suppliers not approved by us; (c) requirements regarding your establishment of daily, weekly and monthly reporting systems; bookkeeping procedures; and accounting procedures (including charts, accounts and profit and loss statements in the form provided by us) which you must adopt and implement at your Huey Magoo’s Restaurant. We do not warrant the completeness, legality or enforceability of any agreements or forms we provide to you. You must retain your own legal counsel to review and revise these agreements and documents so they comply with all applicable federal and state laws. [Section 2.6 of the Franchise Agreement.]

Employee Information and Assistance. We will provide to you employee hiring information including pay scale guidelines and a standardized interviewing/selection system. You are solely responsible for the hiring, disciplining, supervising, promoting and firing of your employees and the establishment of their salaries as provided in Section 4.4 of the Franchise Agreement. [Section 2.7 of the Franchise Agreement.]

Initial Training. We will provide Initial Training. [Section 2.8 of the Franchise Agreement.] We describe the details of Initial Training under the heading “TRAINING PROGRAM” below.

Loan of Manuals. We will loan to you, in either digital or printed form, one registered copy of the Manuals We utilize from time to time for operations and training. [Section 2.9 of the Franchise Agreement.]

Pre-Opening Inspection. We will provide periodic on-site assistance and inspections of the construction site and building, and may evaluate the installation, specifications, and condition of the furniture, fixtures and/or equipment and will generally inspect the Restaurant Location. We will provide you with advice, as we deem appropriate, to ensure that you conform to applicable standards before the Opening Date is scheduled. [Section 2.10 of the Franchise Agreement.]

Pre-Opening On-Site Training. We will make available to you pre-opening, on-site training of no less than 8, but not more than 14 days, in most instances conducted at your Huey Magoo’s Restaurant shortly before the Opening Date and during the first days of operation, as we deem appropriate. The on-site training will be for a maximum of the first and second Huey Magoo’s Restaurants you develop, whether an Inline Restaurant or Drive-Thru/Pick-Up Restaurant. The on-site training program will cover material aspects of the operation of the Huey Magoo’s Restaurant including brand operations, ordering, scheduling, POS system, financial control, marketing techniques, maintenance of quality standards, employee hiring, training and customer service, inventory control, operations, purchasing and sales. [Section 2.11 of the Franchise Agreement.] We provide details under the heading “TRAINING PROGRAM” below.

Setting of Opening Date. To set an opening date you are required to obtain:

1. A corporate certified trained owner of franchisee (i.e., you (if you are an individual) or a Designated Representative of you, which you have identified to us as having a minimum five percent [5%] equity ownership) and the required amount of management based on location type. Three to six managers must complete the corporate training program in order to open your location.
2. FINAL health permit must be submitted prior to construction punch list walk through.
3. Certificate of Occupancy must be submitted prior to construction punch list walk through.
4. 100% Completed punch list needs to be signed off on by our Construction Department before pretraining date is set. The Restaurant is required to be operationally ready prior to pretraining certification.

5. All POS/Network and additional HM “tech stock” requirements installed, set up, operational and ready for training/opening.
6. Adequate staffing required based on expected sales (1 employee per \$1,000 in sales per week not including managers.)
7. Pre-support team sign-off by the Huey Magoo’s Director of Training and a completed pre-operating assessment form by Huey Magoo’s if this is your first or second Restaurant. For any other Restaurants after your second, you will be required to provide a self-assessment form, which will be reviewed and subject to approval by our Training and Operations department.
8. Completion of at least 4 to 5 days of employee training on-site before the corporate training team will arrive.
9. We will require your Restaurant to be fully ready for business prior to us making travel arrangements for the corporate training team.[Section 4.11 (b) of the Franchise Agreement.]

Grand Opening Assistance. In addition to the on-site training that we provide at the time you open your first and second Restaurants for business, we will also provide you advice and guidance with regard to staffing, decoration, and the operation of your Huey Magoo’s Restaurant during the grand opening period. [Section 2.12 of the Franchise Agreement.]

Costs to Open. Within 90 days after you open your Huey Magoo’s Restaurant, you will prepare and provide us with a complete and detailed written breakdown of all costs incurred in the development of your Huey Magoo’s Restaurant. [Subsection 4.11(c) of the Franchise Agreement.]

Time to Open

The typical length of time between the signing of the Franchise Agreement and the opening of the Huey Magoo’s Restaurant will generally be 12 months (if you are signing your 1st franchise agreement) or 6 months (if you are signing a franchise agreement for a subsequent Restaurant under a Development Agreement, where the execution of such franchise agreement will only be signed after you have secured the site for the subject Restaurant). The factors that affect this period usually includes the time needed to acquire a site for your Huey Magoo’s Restaurant, to negotiate a lease, to arrange for financing, to comply with local ordinances, to hire employees, and other operational issues, etc., and the time when you complete satisfactorily Initial Training. If you fail to open within 12 months of signing the Franchise Agreement, you are in material default under the Franchise Agreement and we have the right to terminate the Franchise Agreement and retain the Initial Franchise Fee. [Subsection 4.11(b) of the Franchise Agreement.]

Ongoing Obligations after Opening

Provided you are not in default under your Franchise Agreement, we will perform the following obligations during the operation of your Huey Magoo’s Restaurant:

Field Visits. We will assist you in the development and operation of your Huey Magoo’s Restaurant that may include periodic visits by one of our field representatives and will include, at

a minimum, quarterly QSC visits. [Subsection 2.13(a) of the Franchise Agreement.]

Assistance by Telephone or E-Mail. We will provide you with informational assistance by telephone and e-mail including consultation on matters involving operations, advertising, promotion, and business methods. [Subsection 2.13(b) of the Franchise Agreement.]

Website. We have created the Website (www.Hueymagoos.com) and will list your Huey Magoo's Restaurant on our central webpage. [Subsection 2.13(c) of the Franchise Agreement.] We may, from time to time, provide you with customized web pages within our Website for your use in accordance with Section 7.4 of the Franchise Agreement. [Subsection 3.1(d) of the Franchise Agreement.]

Advertising Materials and Campaigns. We will generally promote the Huey Magoo's® Restaurants through advertising and public relations campaigns and also make available to you various advertising, marketing, and promotional materials for use in your DMA using the Advertising Contributions to the Advertising Fund. [Subsection 2.13(d) of the Franchise Agreement.]

Local Advertising. We will provide you advice on Local Advertising that you conduct in your DMA. [Subsection 2.13(e) of the Franchise Agreement.]

Promotional Methods and Materials. We will provide you with promotional methods and materials that we develop. [Subsection 2.13(f) of the Franchise Agreement.]

Radio and Television Commercials. Although we do not require you to advertise on radio or television, we reserve the right to require you to advertise on radio or television. To the extent that we require you to do so, we will provide a preapproved radio script and camera-ready television commercials (not including airtime) for your use in your DMA. [Subsection 2.13(g) of the Franchise Agreement.]

Research and Development. We will continue to research and develop new menu items and services, introductions and techniques, as we deem appropriate in our sole discretion. We may conduct market research and testing to determine consumer trends and the salability of new menu items and services. You acknowledge that we may choose to offer certain products or services that are not a normal part of the System to Franchisees for test marketing or other purposes. You agree that we may not make these products or services available to you. At our discretion we may use resources such as our QSC audits to determine eligibility to be included in testing products for the System. To be eligible a Restaurant must not have any categories in a red failing status. Additionally, the Restaurant is required to have all required management on site certified by standards we set. If we choose you, and if you agree, you will participate in our market research programs to test market new products and services in the Huey Magoo's Restaurant. If you participate in any test marketing, you agree to purchase a reasonable quantity of the products or services tested and to effectively promote and make a good faith effort to sell them. You will provide us with timely reports and other relevant information regarding that market research. You may not undertake any research or development related to the System without our prior express approval. [Subsection 2.13(l) of the Franchise Agreement.]

License of Intellectual Property. Subject to the Franchise Agreement, we license to you the right to use the “Huey Magoo’s Chicken Tenders” trade name and the other Intellectual Property. [Section 2.14 of the Franchise Agreement.]

License of Software. We currently do not have proprietary software that we require you to license from us; however, we reserve such right to do so in the future and charge you a reasonable license fee. [Section 2.15 of the Franchise Agreement.]

Optional Assistance After Opening

Provided you are not in default under your Franchise Agreement, we may perform the following obligations during the operation of your Huey Magoo’s Restaurant:

Periodic Assistance. We may provide advisory assistance in the operation and promotion of the Huey Magoo’s Restaurant, as we deem advisable. Advisory assistance may include additional training and assistance, communication of new developments, improvements in equipment and supplies, and new techniques in advertising, service and management relevant to the operation of the Huey Magoo’s Restaurant. We anticipate that advisory assistance will not total more than 2 days at \$500 per day at our training facility. You will have to pay the travel, meals and lodging expenses of your attendees. [Subsection 2.13(i) of the Franchise Agreement.]

Special Assistance. At your request and based on the availability of our staff, we may provide you with onsite non-routine guidance and assistance to address Your unusual or unique operating problems at our reasonable per diem fees (currently \$500 per day) and our out-of-pocket expenses. [Subsection 2.13(k) of the Franchise Agreement.]

Ongoing Training. We may require you, the Designated Representative, the Manager, any assistant managers and other key employees of the Huey Magoo’s Restaurant to attend, at your expense, ongoing training at our training facility, or at the Huey Magoo’s Restaurant or another location we designate. In addition, we may develop and require you to purchase an in-restaurant training program. High volume training will be required for opening of your first drive-thru location. you are solely responsible for all expenses associated with these programs including the then-prevailing standard training fee we charge for these programs (currently \$500 per day) and all travel, meals and lodging costs of your attendees.

Our Temporary Operation of Your Franchise Business. At our option, if: you fail to keep your Huey Magoo’s Restaurant open for business during normal business hours; you or a certified manager are absent from your Huey Magoo’s Restaurant more than 5 days or abandon the Restaurant Location; you or the Franchise Owner dies or becomes permanently incapacitated and the franchise or the ownership interest in the Franchisee is not assigned promptly under the Franchise Agreement; you materially breach any of our standards and specifications for the operation of your Huey Magoo’s Restaurant; or your Huey Magoo’s Restaurant is terminated and we elect to purchase your business assets as provided in the Franchise Agreement; then, we are entitled (but have no obligation) to enter your Restaurant Location and to operate and manage your Huey Magoo’s Restaurant for your (or your estate’s) account until the Huey Magoo’s Franchise is terminated, transferred to a party, purchased by us, or until you resume control over your Huey Magoo’s Restaurant and operate it in accordance with the Franchise Agreement. We will manage

and operate your Restaurant for the period of time we (in our judgment) deem necessary, but not for more than 1 year. We will periodically discuss the status of our management and operation of your Restaurant with you or the representatives of your estate. If we operate your Huey Magoo's Restaurant, we will account to you or your estate for all net income from the operation less our reasonable expenses incurred in, and a management fee of \$500 per day for our management and operation of your Huey Magoo's Restaurant. [Section 2.16 of the Franchise Agreement.]

Assistance We Do Not Provide

We do not provide assistance in hiring and training your employees except as disclosed in the Training Program discussed below. We do not provide any legal, HR advice or documentation related to either. We do not establish maximum or minimum sale prices for your products or services to offer and sell. We will consult with you regarding resolving any operating problems you encounter.

Advertising Programs

Grand Opening Advertising Program. We reserve the right to implement a Grand Opening Advertising Program during the month before the opening of a Huey Magoo's Restaurant and, upon our request, provide to us proof of these expenditures. We have the right, but not the obligation, to collect and administer these funds on your behalf. In addition, you must perform opening advertising and promotions as required by this Section if you relocate the Huey Magoo's Restaurant or reopen the Huey Magoo's Restaurant after having it closed for 30 days or more. [Section 7.1 of the Franchise Agreement.]

Local Advertising [Section 7.2 of the Franchise Agreement.]

Our Approval. You must submit to us for our approval all materials used for Local Advertising, unless we have previously approved the materials or the materials consist only of materials we provide. You are free to use your own advertising material only if you have obtained our prior written approval. All materials containing the Intellectual Property must include the applicable designation - service marksm, trademarkTM, registered[®] or copyright[©], or any other designation we specify. If you have not received our written or oral disapproval of materials you submitted within 10 days from the date we received the materials, then we are deemed to have approved the materials. We may require you to withdraw and/or discontinue the use of any promotional materials or advertising, even if previously approved, if in our judgment, the materials or advertising may injure or be harmful to the Huey Magoo's System. You will have 5 days after you receive our written notice to discontinue using the materials or advertising, unless otherwise agreed in writing.

Franchise Opportunities Available. Subject to any legal restrictions, you must place a sign we supply to you in a conspicuous place within the Restaurant Location as well as on all Authorized Menus, containing substantially the following statement: "Huey Magoo's Franchise Opportunities Available." You must immediately refer all responses to us at (844) 468-4667 or any other number or email we designate and include our corporate address. You have no authority to act for us in franchise sales.

Social Media. You must follow our requirements for the use of social media, including creating and maintaining a Twitter/X account, Facebook page, GoMoBo account and other similar types of social media we may add in the future in the Operations and Policies Manual or otherwise in writing.

Participation in Certain Promotions. You must participate in, and comply with the requirements of, all required national or regional advertising and promotional programs we establish. If the promotional program involves any Menu Item that is listed on the then-current Huey Magoo's® printed menu (including any limited time offers), we may suggest, but will not require, that you offer the item at a price lower than the everyday menu price. You must purchase and maintain an inventory of the promotional products being offered during the special promotional program for the duration of such program. Your inventory of such promotional products must be sufficient to meet customer demand.

Regional Cooperative Advertising [Section 7.3 of the Franchise Agreement.]

Regional Advertising Cooperative. We have the right to establish a regional advertising cooperative (a "Cooperative") in any DMA. Upon our request, you will immediately become a member of the Cooperative for the DMA that includes your Limited Protected Territory. your Huey Magoo's Restaurant does not have to be a member of more than 1 Cooperative. We reserve the right to require Cooperatives to be changed, dissolved or merged.

Purposes of Cooperative. The purpose of the Cooperative is for a group of stores somewhat close in proximity to be able to achieve brand recognition and economies of scale advertising. If we organize a Cooperative, it will be for the purposes of administering advertising programs and developing standardized promotional materials for use by its members. If organized, the Cooperative may adopt its own rules and procedures, but we must approve the rules or procedures. The rules and procedures must not restrict or expand your rights or obligations under the Franchise Agreement. The members of each Cooperative and their elected officers will be responsible for the administration of the Cooperative. Each Cooperative must submit to us the minutes of its meetings upon our request.

Our Approval of Advertising. We must approve in writing all advertising or promotional plans or materials the Cooperative proposes to use or furnish to its members. The Cooperative must submit to us all plans and materials in accordance with the procedure stated in the Franchise Agreement. We will offer insight to the Cooperative's plan, but will have no vote, unless one of our company-owned Restaurants participates in the Cooperative in which case that company-owned Restaurant will have a vote. Each Cooperative must engage the services of a professional advertising agency or media buyer that meets with our approval and has expertise in the industry and in the particular market.

Members' Contributions to Cooperative. If organized, a Cooperative will have the right to require each of its members to contribute to the Cooperative an amount not less than 1% or more than 2% of that member's monthly Gross Revenues. We credit this amount against your obligation for Local Advertising. Company-owned Restaurants will participate in a Cooperative if there are two or more Restaurants in a given DMA designated by us. Each company-owned Restaurant will

contribute to the Cooperative on the same basis and at the same rate as each franchisee member. Each member will submit to the Cooperative, no later than the 10th day of each month for the preceding calendar month, his, her or its contribution together with all other statements or reports we or the Cooperative requires. Each Cooperative must prepare annual financial statements, which will be sent to us and all members of the Cooperative.

Internet Advertising and Marketing/Website [Section 7.4 of the Franchise Agreement.]

Website. We may require that you must participate in our Huey Magoo's[®] website on the Internet, www.hueymagoos.com (the "Website"), our intranet system or other online communications as we may require. You must submit to us daily reports via our intranet system. We have the right to determine the content and use of our Website and intranet system and will establish the rules contained in the Operations and Policies Manual under which you and the other Franchisees may or must participate. We retain all rights relating to our website and intranet system and may alter or terminate our website or intranet system. We maintain sole and exclusive rights to all content and information displayed or collected on our Website. The content and information includes company information, user demographics and profiles, pictures and graphics, testimonials, advertisements, product information and all other information that we may designate in writing.

Access. We permit you access to password protected areas within our Website to assist in the operation of your Huey Magoo's Restaurant. We may rescind these rights if you violate the conditions and terms of use as contained in the Operations and Policies Manual or otherwise in writing. We prohibit you from adding to, deleting, or modifying any of the content of the Website without our written permission. You acknowledge that certain information related to your participation in our Website or intranet system may be considered Confidential Information, including access codes and identification codes. Your right to participate in our Website and intranet system, or otherwise use the Trademarks or System on the internet or other online communications, will terminate when the Franchise Agreement expires or terminates.

Domain Name. We prohibit you from registering any domain name using the Intellectual Property and from hosting a website to promote the Huey Magoo's Restaurant or the products or services without our prior written consent. You will not participate in any website that markets goods and services similar to a Huey Magoo's[®] Restaurant. We retain all rights to the trade names and other Intellectual Property, and any associated Internet domains used to identify the Business System. You may not use or reference the Trademarks in any online communication or website (including all current and future social media platforms) absent our prior written approval.

Your Home Page. We may, at our option, provide you with a customizable home page ("Your Home Page") on our Website to promote the Huey Magoo's Restaurant; however, we prohibit you from offering or selling products through the Internet. If we do so in the future, you will pay a separate fee to our marketing company for such service. You must adhere to the methods and procedures we provide for uploading content and managing Your Home Page. You must secure our written permission if you desire to link Your Home Page to other websites on the Internet. We have the sole right to modify, change, add to, or delete our domain, Website and Your Home Page. We maintain all rights of ownership in and to Your Home Page. We may

discontinue making Your Home Page accessible to you upon 30 days' written notice, or if you are in breach of the Franchise Agreement.

E-Mail Account. We may provide you with a custom email account to use solely in connection with the operation of your Restaurant. Until such time, you must maintain an e-mail account to receive e-mails. You will not be allowed to use the name Huey or Magoo's or any variation of those words including hueymagoos.com in your email address. We have established reasonable standards for e-mail accounts and their use, which we may periodically revise. You will have reasonable time within which to upgrade when standards change. Standards will include a computer capable of running the required software and containing reasonable minimums for memory and data storage and high-speed Internet access. We may also require that you obtain a dedicated IP address for use with the POS System. You are responsible for all charges for these services. From time-to-time, we will send important information to your Huey Magoo's e-mail address. In order to stay informed on developments affecting the Huey Magoo's System and your Huey Magoo's Restaurant, you agree to check your e-mail at least daily. You must respond to any request we send to you by e-mail that requires a response within 24 hours of your receipt of our e-mail. We maintain all rights of ownership in and to the e-mail accounts. If we elect to issue custom email accounts to franchisees, we may discontinue making available the e-mail accounts to you upon 30 days' written notice, or if you are in breach of the Franchise Agreement.

Huey Magoo's Advertising Fund. We have created a special fund called the "Huey Magoo's Advertising Fund" (the "Advertising Fund"), through which we provide a marketing program for our System. You must pay a continuing monthly advertising contribution ("Advertising Contributions") to the Advertising Fund in an amount equal to 2% of your monthly Gross Revenues. We may increase the contribution to the Advertising Fund to 3% of your monthly Gross Revenues when there are 500 restaurants (whether franchised or company-owned) in the Huey Magoo's System. All franchisees are required to contribute at the same rate except as prohibited by applicable law. Company-owned Restaurants will contribute to the Advertising Fund on the same basis and at the same rate as franchisees. We expect to focus all marketing using Advertising Contributions in areas where we have one or more franchisees, although the Franchise Agreement does not require us to benefit you with every marketing program. We may charge our marketing research, development and production expenses against the marketing funds. You must conduct marketing for yourself directly or through a regional marketing Cooperative and you may use your own marketing materials, but you must obtain our approval of any such materials in advance. We are not obligated to collect a Advertising Contributions or to conduct a marketing program.

We administer the Advertising Fund and have sole control over the creative concepts, materials and endorsements used and their geographic, market and media placement and allocation with respect to any programs which are financed from the Advertising Fund. The Advertising Fund may pay for preparing and producing local, regional or national advertisements, video, audio and written materials and electronic media; administering regional and multi-regional marketing and advertising programs, (including, without limitation, using in-house or outside advertising, promotion and marketing agencies and other advisors to provide assistance); and supporting public relations, market research and other advertising, promotion and marketing activities. The Advertising Fund periodically will give you samples of advertising, marketing and promotional

formats and materials at no cost and will sell you multiple copies of these materials at its direct cost of producing them, plus any related shipping, handling and storage charges.

The Advertising Fund has not been established as a separate stand-alone entity as of the date of this FDD. However, all proceeds (including Advertising Contributions) payable to the Advertising Fund are maintained in a separate account and segregated from our accounts. We account for the Advertising Fund separately from our other funds and do not use the Advertising Contributions paid to the Advertising Fund for any of our general operating expenses, except to compensate the reasonable salaries, administrative costs, travel expenses and overhead we incur in administering the Advertising Fund and its programs, including, without limitation, conducting market research, preparing advertising, promotion and marketing materials, and collecting and accounting for Advertising Fund contributions. The Advertising Fund is not our asset. The Advertising Fund is not a trust, and we do not owe you fiduciary obligations because of our maintaining, directing or administering the Advertising Fund or any other reason. We do not use Advertising Contributions for advertising that is principally a solicitation for the sale of franchises except that in certain ads with available space, we may insert certain language as to the availability of franchise opportunities. The Advertising Fund may spend in any fiscal year more or less than the total Advertising Contributions in that year; borrow from us or others to cover deficits, or invest any surplus back in the Advertising Fund for future use. We use all interest earned on Advertising Contributions to pay costs before using the Advertising Fund's other assets. We will prepare an annual, unaudited statement of Advertising Fund collections and expenses and give you the statement upon written request. we may incorporate the Advertising Fund or operate it through a separate entity whenever we deem appropriate.

We intend the Advertising Fund to maximize recognition of the Marks and patronage of Huey Magoo's Chicken Tenders Businesses. Although we will try to use the Advertising Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all Businesses in the System, we need not ensure that Advertising Fund expenditures in or affecting any geographic area are proportionate or equivalent to the Advertising Contributions by Huey Magoo's Chicken Tenders Businesses operating in that geographic area or that any Huey Magoo's Chicken Tenders Business will benefit directly or in proportion to its Advertising Contribution from the development or placement of advertising and marketing materials. We may forgive, waive, settle and compromise all claims by or against the Advertising Fund. We assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing or administering the Advertising Fund.

We may at any time defer or reduce the Advertising Fund contributions of a Huey Magoo's Chicken Tenders Business and, upon thirty (30) days' prior written notice, reduce or suspend Advertising Contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Advertising Fund. If we terminate the Advertising Fund, we will distribute all unspent monies to all Huey Magoo's Chicken Tenders Businesses (whether franchised or operated by us or our affiliates) in proportion to their respective Advertising Contributions during the preceding twelve (12) month period.

We may, in our sole discretion, after the opening of the System's 500th Restaurant and upon at least sixty days prior written notice, increase the Advertising Contribution up to a maximum of (3%) of Gross Revenues.

We are not obligated to expend the Advertising Contribution or placement of advertising in your territory, or to insure that your franchise Business benefits directly or pro-rata from marketing fee expenditures. We will not use the Advertising Contribution for creating or placing any advertisements but is principally a solicitation for new franchisees, but may include in our advertising prepared using marketing fee (including Internet advertising) information concerning franchise opportunities and a portion of the Advertising Contribution may be used to create and maintain one or more pages on our website, www.hueymagoos.com, devoted to advertising franchise opportunities and identifying and screening inquiries submitted by franchise candidates.

For the fiscal year ending December 31, 2023, Advertising Fund income was spent in the following approximate amounts: 22.0% on media production; 12.5% on media placement; 6.0% on Marketing Agency/PR Firm; 16.2% on administrative expenses; 13.7% on promotional expenses; 5.0% on brand development; and 6.9% on other items (including, research and testing and franchisee advertising support). At the end of the 2023 Fiscal Year, 17.8% of the funds collected were not used and remained on the balance sheet for use by us for future Advertising Fund expenditures.

You may not engage in sales through alternative distribution channels or the Internet without our prior written approval. We are not required to give you such approval. (Franchise Agreement - Article 1)

Advertising Council. We currently do not have an advisory council composed of franchisees that advises us on advertising policies. If we form or approve an advisory council, you must participate. Any advisory council would not have decision-making power. It would be advisory only. We have the right to form, change or dissolve any advisory council.

TRAINING PROGRAM

The Huey Magoo's Initial Training program is a train the trainer-based program. We want our ownership partners to be involved in their Restaurant and build a program that suits their needs and growth. The training outline below is a set class schedule for all trainees. As we grow, we will continue to add new programs more tailored to our franchisees' needs.

The opening schedule and support below will be offered for your first two Restaurants. We will continue to offer the training program (based on availability and qualification) to any franchisee who chooses to send new managers to be trained by our corporate staff. New restaurant opening support will switch to operational pre-training certification and a sign-off from your third Restaurant and any future Restaurants. Any additional opening support deemed necessary after your second Restaurant will be billed at the training rate with all corporate costs being covered by you.

Owner involved training leading the manager team you hire through the completion of the class and through your opening is one of the most important decisions and actions you will take on as a franchisee. We believe this training schedule, opening schedule and all requirements are crucial to the success of our System.

The following training program section is broken into three parts: Initial training and requirements (the “Initial Training Program”), Opening support, and Ongoing support.

INITIAL TRAINING AND REQUIREMENTS

Base Training Schedule (No Drive Thru/Pick-Up):

Subject	Hours of Classroom Training*	Hours of On The Job Training*	Location
Orientation/Culture/Uniform	4		Training Center Orlando, Florida
Operations	4		Training Center Orlando, Florida
Safety/HAACP/ Security	3		Training Center Orlando, Florida
Uniform Standards and Hygiene	1		Training Center Orlando, Florida
Cleaning/Sanitation / Maintenance	5	12*	Training Restaurant Orlando, Florida
POS/Gift Cards/Loyalty/ Reporting/Platform	5	12*	Training Restaurant Orlando, Florida Area
Food Preparation / Storage / Truck order	2	12*	Training Restaurant Orlando, Florida Area
Station Training		60 (15 per station)	Training Center Orlando, Florida
MOD Training/Hiring/People Matter	2	30	Training Center Orlando, Florida
Inventory/ COGs		3	Training Center Orlando, Florida
Scheduling/Labor/Platform Management	5	3	Training Center Orlando, Florida
NRO Procedures	5		Training Center Orlando, Florida

Subject	Hours of Classroom Training*	Hours of On The Job Training*	Location
Review /Q&A	3		Training Center Orlando, Florida
Testing/Homework	10		Training Center Orlando, Florida
Exit Interview/Wrap Up	1 (per person)		Training Center Orlando, Florida
TOTAL	50	132	

Extended Training Schedule for Drive Thru/Pick-Up Locations

Subject	Hours of Classroom Training*	Hours of On The Job Training*	Location
Drive thru initiation (equipment and procedural training)	5	5	Training Center Orlando, Florida
High Volume Training – Back of House (“BOH”)		15	Training Center Orlando, Florida
High Volume Training – Front of House (“FOH”)		20	Training Center Orlando, Florida
Wrap up and testing	5		Training Center Orlando, Florida
TOTAL	10	40	

*All times are approximate and we may add to this based upon your experience and rate of learning and the type of Huey Magoo’s Restaurant you are opening. Initial Training Program will be 150 hours at our Corporate Office in Orlando, Florida and at least 1 Training Restaurant in the Orlando, Florida area.

An extended training program will be required for all Drive-Thru/Pick-Up Restaurants. This addition is to teach the drive-thru and pick-up component, the changes it requires of our systems, and gives the trainees the real-life experience to realize and learn the demands that come with a higher volume location. This will be an additional week (50 hours at a designated site of our choosing). Drive-thru and pick-up training will total 4 weeks or 200 hours.

Additional training will be conducted on an as-needed basis. This could include, but is not limited to, new menu items, operational processes, systems, equipment, and reporting. The

Operations and Policy Manual and position guides will be the primary instructional training materials. You are expected to read, understand, and demonstrate knowledge of all training materials provided on a daily basis. Practical performance evaluations by us will be contingent upon the compilation of material taught hands-on and material left as assigned reading outside of the training facility.

Travis Dodge, our Director of Training who joined us in June 2020, is primarily responsible for overseeing and supervising the franchisee and manager training classes. Mr. Dodge has over 30 years of experience in the QSR industry, 20 years of which is as a regional consultant and trainer to develop franchise owners, directors and operators for multiple brands in the U.S., Caribbean, and international markets. Mr. Dodge's experience includes creating and implementing systems to provide franchise owners and operators improved efficiency, increased sales, and profitability.

Requirements for the Initial Training Program

EXPRESS RESTAURANTS AND INLINE RESTAURANTS - A minimum of 3 managers are required to attend and successfully complete to our satisfaction the current Initial Training Program. This is the first requirement for getting approval to open your Restaurant. The three people must consist of you (if you are an individual) or a designated representative (a co-owner of at least 5% of the franchise entity as documented in writing, a "Designated Representative") committed full time (a minimum of 40 hours a week) in the day-to-day operations of the Restaurant and 2 full time local managers. To successfully complete the program, trainees must log required hours at each respective workstation in order to prove practical proficiency in operations. In addition, each trainee must pass written exams for each position with a score of our minimum passing percentage. Written testing will be concluded with a final exam that must be passed by each trainee that will encompass all managerial material including all required reading training material and all operational material taught over the standard 21-day training period. During the first 6 months of operation of the Restaurant, in the event of a loss of one or more trained and certified managers, you will be required to send an equal number of replacements through the 21 day Initial Training Program, which they must each successfully complete to our satisfaction, in order to maintain the minimum level of certified managers required at your Restaurant.

If you or the Designated Representative will not be involved in the day-to-day operation of the Restaurant (40 hours a week in the Restaurant) he/she will still be required to successfully complete the Initial Training Program (to meet our ownership requirements), and an additional full-time manager will be required to pass the Initial Training Program. (A minimum of 3 full time managers are required to successfully complete the Initial Training Program, plus the non- day to day Designated Representative).

In addition to the above, a minimum of 1 shift manager or team leader will be required to pass a front of house ("FOH") or back of house ("BOH") short certification test during the pre-support team visit prior to opening. This brings your required trained management team to minimally 4 approved (full time) people for before you will be allowed to open (three who have successfully completed our Initial Training Program and one trained by your managers prior to

opening). If you chose to send all 4 to the Initial Training Program (3 full time managers plus a shift manager or team leader), there will be no direct cost for the extra person. At the time of your first business review by our Operations department, we will require a minimum of 1 shift leader to pass our shift leader certification.

Each Restaurant that is opened subsequently to your first Restaurant will be required to maintain the same number of approved, trained, and certified managers and management staff at each Restaurant.

DRIVE-THRU/PICK-UP RESTAURANTS – A minimum of 4 managers are required to attend and successfully complete to our satisfaction the Initial Training Program. This is the first requirement in getting approval to open your restaurant. The 4 people must consist of you or a designated representative (a co-owner of at least 5% of the franchise entity as documented in writing) committed full-time (a minimum of 40 hours a week) in the day-to-day operations of the restaurant and 3 full-time local managers. To successfully complete the program, individuals must log required hours at each respective workstation in order to prove practical proficiency in operations. In addition, each candidate must pass written exams for each position with a score of our minimum passing percentage. Written testing will be concluded with a final exam that must be passed by each candidate that will encompass all managerial material including all required reading training material and all operational material taught over the standard 21-day training period. During the first 6 months from of operation of the Restaurant, in the event of a loss of one or more trained and certified managers, you will be required to send an equal number of replacements through the 21 day training program, which they must successfully complete, in order to maintain the minimum level of certified managers required at your Restaurant.

Additionally, we will require all candidates to work in a high volume drive-thru or pick-up location of our choosing for no less than 50 hours over a 5 day period. This part of the process will determine if the candidates are truly capable of being certified trainers and operators of your drive-thru/pick-up business. (26 days total for drive-thru/pick-up training)

If you or the designated representative will not be involved in the day-to-day operation of the Restaurant (40 hours a week in the Restaurant) he/she will still be required to successfully complete the Initial Training Program (to meet our ownership requirements), and an additional full-time manager will be required to pass the Initial Training Program. (a minimum of 4 full-time managers are required to successfully complete the Initial Training Program, plus the non-day-to-day designated representative).

In addition to the above, a minimum of 2 shift managers or team leaders will be required to pass a FOH or BOH short certification test during the pre-support team visit prior to opening. One person must pass the FOH short certification AND one person must also pass the BOH short certification to support the operation of the restaurant team equally. This brings your required trained management team to minimally 6 approved (full time) people before you will be allowed to open (four who have successfully completed our Initial Training Program and two trained by your managers prior to opening). If you chose to send all 6 to the Initial Training Program (4 full time managers plus 2 shift managers or team leaders), there will be no direct cost for the extra people. At the time of your first business review by operations (typically, 30-45 days after the

opening of your Restaurant), we will require a minimum of 2 shift leaders to pass our shift leader certification.

Each Restaurant that is opened subsequently to your first Restaurant will be required to maintain the same number of approved, trained, and certified managers and management staff at each Restaurant.

If the designated representative can exhibit, to our satisfaction, that their company has an established internal operations management structure designed to handle multi-restaurant operations, have currently operated at least 5 restaurants in the last 3 years, and the people solely responsible for operating those restaurants will be the people operating your Restaurant; we may in our sole judgment waive the designated representative's participation in the Initial Training Program and instead have one of those qualified individuals attend the Initial Training Program on your or your Designated Representative's behalf, provided that you also send two (if operating an Inline Restaurant) or three (if operating a Drive-Thru/Pick-Up Restaurant) full-time managers to attend and successfully complete the Initial Training Program.

We have the right to charge a \$500 per day fee for each additional trainee beyond the numbers listed above. In all cases, you are solely responsible for all salaries, compensation, benefits, travel, lodging, per diem, and related expenses for trainees.

You are required to have a ServSafe^{®1} certified manager at the Restaurant Location at all times. ServSafe is a food and beverage safety training and certificate program administered by the National Restaurant Association. The program is accredited by ANSI and the Conference for Food Protection. Certification verifies that a manager has adequate food safety knowledge to protect the public from foodborne illness. Managers that successfully pass the 90-question, multiple-choice exam receive a ServSafe[®] Manager Certification.

Failure of the Initial Training Program final exam will result in the requirement of additional training and retesting as needed until the candidate passes the final exams.

If we determine that you (or your designated representative) or any of your managers cannot complete the Initial Training Program to our satisfaction, we have the right to postpone or delay the Restaurant opening until the required number of qualified fully-trained candidates successfully complete the Initial Training Program. our right to fail or expel an attendee of the Initial Training Program is reserved to, but not limited to, falsification of any documents, making any material misrepresentations, failure to be approved by our application process, failure to complete the consecutive hours required of the Initial Training Program, failure of any of the examinations, disruptive, disrespectful, or threatening behavior, or if such attendee is a hindrance to the training classes or training shifts. Any damages we experience due to an expulsion or failure will be charged back to you.

¹ ServSafe[®] is a registered trademark of National Restaurant Association Educational Foundation.

We will conduct an Initial Training Program class once per month for any qualified individuals. You and your managers cannot attend the Initial Training Program until each of the below requirements is met:

1. You have submitted the training application for each person attending.
2. You have supplied us with a ServeSafe[®] certificate for each candidate.
3. All financing has been secured and supporting documents have been approved by us.
4. Notice to proceed has been issued by us at least one week prior to the class starting.
5. You have provided us with written proof that you comply with the requirement that you or your designated representative own at least 5% of the franchisee entity.

The Initial Training Program class runs 21 consecutive days with one day off per week and must be completed within this time frame. our classes will commence on the most convenient Monday that does not conflict with any national holiday and concludes three weeks later on that Saturday.

Your additional drive-thru training will be scheduled prior to your opening when it is most convenient to do so at our one of corporate Restaurants or a franchise Restaurant of our choosing. It will run 5 consecutive days and must be completed within this time frame. our classes will be Wednesday-Sunday of any given week in order to maximize high volume training. The same trainees that completed the initial training class, including the full time or non-working designated representative, must also complete the additional drive-thru/pick-up training class.

OPENING SUPPORT

Opening support will begin only after construction has signed off on your project. “Construction Sign off” is defined as an approved and executed certificate of occupancy and health permit provided to us along with a completed punch list with pictures documenting the completion of all outstanding items. A completed punch list is defined as your Restaurant being 100% ready to serve your guests before any training travel arrangements are finalized.

During your Pre-Training Assessment sign off, we will be in discussions with your team on the best date to release training groceries to your Restaurant to start your mandatory training of your shift leaders and staff. We will require a minimum training period of 4 days for Inline Restaurant and 7 days for Drive-Thru/Pick-Up locations, including documented training of a minimum of 8 hours per employee in their designated area of expertise. During your training, our preopening team will visit your Restaurant to complete an initial assessment of the staff, confirm the minimum number of trainees are hired (1 per \$1,000 in anticipated weekly sales), that staff are properly being trained, and shift leaders have completed their training and are ready to test. We will also complete a walkthrough of your Restaurant to complete our preopening checklist and certify that the Restaurant is operationally ready. Once We have signed off on your preopening,

we will set your opening date, release your main grocery order on the most convenient broadband timetable, and book our training team's travel to your Restaurant.

We will send trainers to the opening of your first two (2) Restaurants.

For Express Restaurants and Inline Restaurants, we will send up to 2 trainers for a maximum of 8 days. Typically, we will complete 3 days of training with your staff, which typically includes live training with guests in a private party/ friends and family event setting. On the fourth day, your Restaurant will open to the general public. We will work with your staff and managers all week to reinforce our policies, procedures, and certifications. We will complete with you your initial inventory walkthrough, food orders, and schedule with your team for the following week before leaving on the 8th day.

For Drive-Thru/Pick Up Restaurants, we will send up to 5 trainers for a maximum of 14 days. We will complete a minimum of 3 days of training with your staff, which typically includes live training with guests in a private party/friends and family event setting. Once we open your location to the general public, we will work with your staff and managers all week to reinforce our policies, procedures and certifications. We will complete with you your initial inventory walkthrough, food orders, and schedules with your team for the time we are there and for the following week before leaving on the 14th day.

If/when you open your first Drive-Thru/Pick-Up Restaurant, you (or your Designated Representative) and your managers will be required to attend and meet the requirements of the high volume training, even if you already have other Huey Magoo's Restaurants in operation.

The opening trainers will be there to assist you in training your staff and to help ensure all team members are following our established operating procedures at your Restaurant and conduct your first training Quality Service and Cleanliness inspection ("QSC").

ONGOING SUPPORT

Following the opening of your Restaurant, your training support will switch to online, phone, and email support with a structured list of follow ups on any lingering issues, scheduling, hiring, food orders, and inventory. We will begin the 4 to 6 week transition from Training over to Operations at this time.

We will assign one of our team members to be your Franchise Business Consultant ("FBC"), who will be your main point of contact. your FBC will assist you with all future needs that you may have and will be your direct point of contact for all matters relating to your Huey Magoo's Restaurant. Your FBC will also be responsible for conducting your ongoing quarterly QSC visits to ensure your Restaurant is operating according to our system standards. Your FBC will work with you team to address any out of alignment matters and will visit your Restaurant regularly.

Computer and Point of Sale System and Other Technology Requirements

Prior to the commencement of operation of your Restaurant, you must lease or purchase the required computer hardware, software, Internet connections and service, required dedicated

telephone and power lines, e-mail service, point of sale system, remote helpdesk service, secure payment service, back office equipment, gift card system, mobile ordering systems, payment kiosks, kitchen display systems, PCI compliance hardware and software, credit card processor, credit card chip reader, food and labor cost management software, digital menu boards, security firewall and networks, network cabling, and other computer-related accessories, peripherals and equipment (the “Computer and Point of Sale System and Other Technology”). We estimate that the Computer and Point of Sale System and Other Technology will cost \$9,900 to \$33,800.

You are currently required to use a Qu POS System for Restaurant operations including, but not limited to, ordering, tracking orders, reporting, menu management, credit card transactions and Gift Cards acceptance. The minimum ISP (internet service provider) speed that will be required to run your system is 300/10 Mbps. ISP solutions that include their own back up solutions are not approved for use. This ensures that all external devices that are also expected to run on your system such as cameras, drive thru tech, music, etc. do not interfere with the network demand of the POS/KDS system. No additional wireless signals are allowed to be broadcasted via ISP or other device. Any network-connected devices, including drive-through timers, digital signage, cameras, IP phones and music players must be approved by us before installation.

In addition to using the Qu POS System, we require you to use the Human Resource software approved by us (currently, 7 Shifts) in the hiring, training and scheduling of your hourly workforce, along with managing your processes and paperwork online. You are required to pay a monthly service fee ranging from \$50 - \$250 in connection with your use of such software.

The configuration of your Computer and Point of Sale System and Other Technology will be required to match that of Huey Magoo’s Restaurants that are already in operation. We have carefully taken a great deal of time in determining the needs of a Huey Magoo’s Restaurant and have curated the system to operate accordingly. Depending on the type of location your Restaurant is going to be will determine what configuration your system will be matched to. Changes to the configuration jeopardize the operational efficiencies of the POS/KDS system and so are strictly prohibited. Updates to the configuration of the system may be offered to you as they are released by us or you may be asked to take part in the testing of potential updates. Participation in such testing is not mandatory.

Neither we nor any affiliate or third party has any obligation to provide on-going maintenance, repairs, upgrades or updates to the POS System.

The required services associated with the Qu POS system are:

- ValueTech Gift Cards, which cost approximately \$50 a month
- Incentivio app and loyalty, or another provider chosen by us
- Inventory management system (to be determined by us)

The only mandatory system updates will be those required by Qu or us, which are usually those associated with PCI compliance with credit cards or menu changes. Franchisees are responsible for completing the PCI compliance checklist from WorldPay via Safer Payments to avoid paying additional processing fees. This is completed annually for ecommerce and brick and

mortar merchant IDs.

You must provide all assistance we require to bring your Computer and Point of Sale System and Other Technology on-line with our headquarters computer at the earliest possible time and to maintain this connection as we require. You must input and maintain in your Computer and Point of Sale System and Other Technology all data and information which we prescribe in our Manuals and otherwise. We may retrieve from your Computer and Point of Sale System and Other Technology all information that we consider necessary, desirable or appropriate. We will bear the telephone costs of this information retrieval. You must accurately, consistently and completely record, structure, capture and provide through the Computer and Point of Sale System and Other Technology all information concerning the operation of the franchised Restaurant that we require, in the form and at the intervals that we require.

You must keep your Computer and Point of Sale System and Other Technology in good repair and are required to pay maintenance and support fees to the suppliers. The monthly cost for AVIT required services, which includes 4G cellular backup, firewall, POS switch and network 24/7 unlimited remote support, firewall as a service, and DNS filtering, will cost approximately \$285 per month. If we run tests and determine that the installation will benefit you and us, you must install (at your own expense) whatever additions, changes, substitutions and replacements to your computer hardware, software, telephone and power lines, etc. we direct. You must install these items when we direct. You will pay for these items at the time and upon the terms that the sellers specify.

Pricing is correct as of the time of this document creation and is subject to change due to our current supply chain issues and/or changes in equipment.

Operations and Policies Manual

We will lend you a copy of our confidential Operations Manual, including supplements and recipe guides. The Table of Contents of the Operations Manual is attached as Exhibit K to this Disclosure Document. The Operations Manual consists of a total of approximately 1900 pages.

ITEM 12 - TERRITORY

We will grant you a limited protected territory (“Limited Protected Territory”) which we will describe in Exhibit A to the Franchise Agreement. The size of a Limited Protected Territory is variable, based on market area information, including without limitation population density, drive times, and similar factors around your Restaurant. There is no set minimum or maximum Limited Protected Territory, however, we do not anticipate that Your Limited Protected Territory will exceed a 3-mile radius around your Restaurant. Except as described below under “Our Reserved Rights”, if you are not in breach of the Agreement, we will not locate or open a competitive business under the Marks and using the System in your Limited Protected Territory, either company-owned or franchised, during the term of the Agreement. You are permitted to operate the Restaurant only at one location and only within your Limited Protected Territory. You may not relocate the Restaurant without our prior written approval which we will not unreasonably withhold. There are no restrictions on where customers may come from. We do not grant you with any options, rights of first refusal, or similar rights to acquire additional franchises except as set

forth in this Item.

You may not market your goods and services over the Internet or through other alternative distribution methods such as catalog sales, telemarketing or other direct marketing without our prior written approval.

If you are in compliance with the Franchise Agreement, we do not have the right to modify your Limited Protected Territory. In determining the original size and boundaries of your Limited Protected Territory, we will consider demographic and other factors that we deem appropriate, including the number of people living within the logical market area, the number and size of competitors, traffic patterns, the competitive situation, natural determinants, and economic data. We will not necessarily give any single factor or combination of factors controlling weight. Except as described below, we will not establish other franchised or company-owned businesses within your Limited Protected Territory using the Mark or under a different trademark. We have not used or reserve the right to use other channels of distribution, such as the Internet, telemarketing, or other direct marketing, to make sales within your Limited Protected Territory of products or services under our principal trademark or under trademarks different from the ones you will use under the Franchise Agreement. You are prohibited from soliciting for catering services outside of your Limited Protected Territory. Except as described below, we will not alter your Limited Protected Territory. Your continued Limited Protected Territory rights are not affected by your sales volume, market penetration or any other contingency.

Loss of Lease. If you lease the Restaurant Location and the lease expires or terminates (provided termination is not due to your default) before the expiration of the Franchise Agreement, we permit you 60 days in which to locate and secure new Restaurant Location within your Limited Protected Territory. The relocated Restaurant Location must not infringe upon the Limited Protected Territory of a Company-Owned Restaurant or another Franchised Restaurant then operating or under development. We must approve the new location in writing in accordance with the Franchise Agreement. You have 150 days from the date you sign a new lease in which to open and begin full operation of the Huey Magoo's Restaurant in compliance with the Franchise Agreement, unless we otherwise agree in writing to extend the time. Your failure to secure a new location and begin operation within the specified times is an Event of Default on your part.

Conditions to Continued Exclusivity. The exclusivity of your Limited Protected Territory is not dependent upon the achievement of any certain sales volume, market penetration or other contingency.

Our Right to Modify the Limited Protected Limited Protected Territory. We may not unilaterally alter your Limited Protected Territory. The parties may alter the Limited Protected Territory by a written amendment to the Franchise Agreement signed by the parties.

Our Reserved Rights

You agree that the rights to use the Marks granted to you has limited exclusivity. In addition to our right to use and grant others the right to use the Marks outside the Limited Protected Territory, We expressly reserve all rights that we do not expressly grant to you in the Franchise

Agreement concerning the Marks or other matters, including:

Non-Traditional Sites. We have the right to establish, develop, license or franchise restaurants, including Express Restaurants, within your Limited Protected Territory if the Restaurant is to be located at a Non-Traditional site. Non-Traditional sites means a site that serves primarily the customers located within the facility, including without limitation: (i) captive audience facilities (examples include parks charging admission, stadiums, amusement parks and centers, and theaters); (ii) limited purpose facilities (examples include airports, transportation centers, department stores, business and industrial complexes, museums, educational facilities, hospitals, and recreational parks); (iii) limited access facilities (examples include military complexes, buyer club businesses, educational facilities, and business and industrial complexes); (iv) other types of institutional accounts; (v) temporary event locations (e.g., food shows, trade shows, athletic competitions, trade competitions, fundraisers or charitable events, conventions, fairs, and other community gatherings); and kiosks, mobile units, concessions or “shops in shops” and other non-traditional locations.

Different Business Models. We have the right to establish, develop, license or franchise other business models, different from the Huey Magoo’s System licensed by the Franchise Agreement within or outside the Limited Protected Territory, regardless of its proximity to, or potential impact on, the Huey Magoo’s Restaurant, without offering or providing you any rights in, to, or under the other systems.

Dissimilar Channels of Distribution. We have the right to sell or offer to sell similar products and services authorized for the Huey Magoo’s Restaurant using our trademarks or copyrights through dissimilar channels of distribution including the internet, telemarketing, or other direct marketing within or outside the Limited Protected Territory and under any terms that we deem appropriate, regardless of their potential impact on your Huey Magoo’s Restaurant, without offering or providing you the right to participate or receive any compensation.

Other Retail Sales. We have the right to sell and distribute products or license others to sell and distribute products, within or outside the Limited Protected Territory, through grocery or convenience stores or other similar retail stores. The products may include those bearing our Principal Trademarks and you acknowledge that you will not receive any compensation for these sales.

National Accounts. We have the right to establish programs involving National Accounts retaining the sole right to sell or provide services to the National Account. If there is a branch of a National Account located within your Limited Protected Territory, you may sell or provide your services to the National Account in accordance with the prices we have negotiated, in accordance with the provisions regarding the National Account Program contained in the Operations and Policies Manual.

Acquisition of Competitive Business. If we acquire a Competitive Business and outlets of the Competitive Business encroach upon your Limited Protected Territory, we will have 1 year from the date of acquisition of the Competitive Business to sell the encroaching outlets without being in default under the Franchise Agreement.

Express Restaurants. If you open an Express Restaurant, we offer no territorial protection.

Restrictions on Advertising and Operating Outside of Limited Protected Territory

You will not solicit business outside your Limited Protected Territory by a toll-free number, direct mail, Internet, website or other advertising or solicitation method without our prior written consent. You cannot engage in catering and delivery services and activities outside the Limited Protected Territory unless we authorize you to do so in writing.

Our Operation of a Similar Business Under a Different Mark

Neither we nor any affiliate operate or have plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those you will offer.

DEVELOPMENT AGREEMENT

No Minimum Territory

You are not obtaining any minimum territory as a developer, but we grant you a Development Area described below.

Relocation Rights

There are no relocation rights under the Development Agreement.

Limited Protected Territory and Development Area

We grant to you the exclusive right to construct, open, and operate Huey Magoo's Restaurants within the Development Area pursuant to a development schedule ("Development Schedule") under which you must open a specified number of Huey Magoo's Restaurants within a specified time. For the perimeter of the Development Area, you agree that you will not select a site that is within the protected territory of a Company-Owned Restaurant or Franchise Restaurant that is operating or under construction. Except as set forth below with respect to Non-Traditional sites, we agree not to open a Company-Owned Restaurant or a Franchise Restaurant within the Limited Protected Territory of any of your Huey Magoo's Restaurants.

Our Reservation of Non-Traditional Sites.

We reserve the right to operate and to grant others the right to operate Restaurants at "Non-Traditional Sites" under any terms and conditions we deem appropriate, regardless of whether such site is within your Development Area or in proximity to any of your Restaurants.

Conditions to Continued Exclusivity. The exclusivity of your Development Area is dependent upon your continued achievement of the Development Schedule.

Our Right to Modify the Development Area. We may not unilaterally alter your Development Area. The parties may alter your Development Area by a written amendment to the Development Agreement signed by the parties.

ITEM 13 - TRADEMARKS

We give you the right to use the name “Huey Magoo’s Chicken Tenders,” and other trade names, trademarks, service marks, trade dress and logos we currently use or which we may adopt or approve (the “Marks”) in connection with the operation of your Restaurant. You must follow our rules when you use the Marks. You may only use the Marks exactly as we specify. You may not use any of the Marks in connection with the offer or sale of any unauthorized product or service.

Huey Magoo’s, LLC registered the trademark “Huey Magoo’s Chicken Tenders” with the United States Patent and Trademark Office (“USPTO”) on the Principal Register. The registration date is June 7, 2011 and the Registration Number is 3,973,005. Huey Magoo’s, LLC has assigned all rights in the Trademark to Huey Magoo’s Franchising, LLC who, in turn, assigned all such rights to us.

The following chart identifies the principal trademarks and service marks, which have been registered on the Principal Register of the USPTO:

Federal Registrations

Mark	Registration Number	Registration Date
	3973005	6/7/2011
HUEY MAGOO’S CHICKEN TENDERS	6281326	3/2/2021
HUEY MAGOO’S	6281327	3/2/2021
	6281392	3/2/2021
THE FILET MIGNON OF CHICKEN	6695700	4/05/2022
THE FILET MIGNON OF CHICKEN SANDWICHES	6937371	12/27/2022
GTOAT	6941391	1/3/2023

The following is a description of the principal marks we will license for which applications have been filed for registration on the Principal Register of the USPTO:

Principal Federal Applications

Description of Mark	Serial Number	Application Date
HUEY MAGOO'S	97432432	5/27/2022
GTOAT GREATEST TENDERS OF ALL TIME	97150207	12/1/2021

We do not have a federal registration for the marks set forth above under the heading "Principal Federal Applications" (the "Pending Marks"). Therefore, each Pending Mark does not have as many legal benefits and rights as a federally registered trademark. If our right to use a Pending Mark is challenged, you may have to change to an alternative trademark, which may increase your expenses. However, we and our affiliates possess common law rights in and to the Pending Marks as well as rights to the registered Proprietary Marks shown above, which establish rights in and to the "Huey Magoo's Chicken Tenders" mark at least as early as June 2011.

Except with respect to the Pending Marks, there are no currently effective material determinations of the Patent Office and Trademark office, any Trademark Administrator of any state or any court, any pending interference, opposition or cancellation proceeding or any pending material litigation involving the Marks that is relevant to your ability to use the Marks in connection with the Huey Magoo's Franchise.

There are no agreements that significantly limit our rights to use or license you to use the Marks in any manner material to the Licensed Business. There are no infringing uses or senior trademark rights known to us that can materially affect your use of the Marks in any other state in which the franchised Restaurant is to be located. There is no pending material federal or state court litigation regarding our use or ownership rights in any Trademark. All required declarations and renewals have been filed with the U.S. Patent and Trademark Office on a timely basis to maintain the subsisting registrations and to complete the registration process for the Pending Mark.

We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you. You must inform us if you become aware of any misuse or misappropriation of the Marks or anything confusingly similar. You may not start any litigation relating to the wrongful use of the Marks without our prior written approval. We may take whatever action we deem appropriate to protect or defend the Marks or System, but we need not take any action.

If a third party sues you claiming that you are infringing the trademark or trade name of the third party by using the Marks, you must inform us immediately. We will indemnify you as to that claim only and have the right to control the litigation. You may not settle or compromise any of these claims without our previous written consent. We will have the right to defend and settle

any claim at our sole expense, using our own counsel. You must cooperate with us in the defense. Under the Franchise Agreement, you irrevocably grant us authority to defend or settle these claims. You may participate at your own expense, but our decisions with regard to the defense or settlement will be final. We will have no obligation to defend or indemnify you if the claim against you relates to your use of the Proprietary Marks in violation of the Franchise Agreement.

It may become necessary in our sole discretion, because of trademark litigation, a decision of the Patent and Trademark Office, or otherwise, to change the Marks. In that event, you must immediately adopt the new or revised Marks and you will be responsible for the actual out-of-pocket costs of changing the principal signs identifying your Restaurant Location and any other items you use in your business bearing the Marks.

ITEM 14 - PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not currently own any patents. We claim copyright protection and will continue to claim copyright protection of any Manuals and revisions thereto, Recipe guides, Handbooks, construction plans loaned to you, forms, advertisements, promotional materials and other written materials, and all training materials we provide or sell to you. We have not registered any copyrights, but may in the future.

There are no agreements currently in effect which significantly limit your right to use any of our copyrights. Also, there are no currently effective determinations of the United States Patent and Trademark Office, Copyright Office (Library of Congress) or any court pertaining to or affecting any of our copyrights discussed above. Finally, as of the date of this Disclosure Document, we are unaware of any infringing uses of or superior previous rights to any of our copyrights that could materially affect your use of them in this state or in the state in which the franchised Restaurant will be located.

Your and our obligations to protect your rights to use our copyrights are the same as the obligations for Proprietary Marks described in Item 13 of this Disclosure Document.

Proprietary Rights in Confidential Information and Trade Secrets

We consider all materials we provide including the Manuals, Recipes, and other copyrighted materials to contain confidential and proprietary information and are our trade secrets. We possess and will continue to develop and acquire confidential and proprietary information, and trade secrets. The confidential information consists of the following categories of information, methods, techniques, procedures and knowledge we or our Franchisees develop (collectively, the “Confidential Information”) including: (a) our methods, techniques, tools, specifications, standards, policies, procedures, information, concepts, systems, and knowledge of the experience in our development, operation and franchising; (b) our marketing and promotional programs for Huey Magoo’s Restaurants; (c) knowledge of specifications for and knowledge of our suppliers of certain materials, equipment, furniture and fixtures for a Huey Magoo’s Restaurant; and (d) knowledge of our customer lists, operating results and financial performance.

We will disclose to you the Confidential Information required for the operation of the Huey Magoo's Restaurant during Initial Training, in the Manuals, and in the guidance and assistance that we furnish you, and you may learn of additional Confidential Information. You may disclose the Confidential Information to your employees or other persons only to the extent reasonably necessary, and provided the person has signed our form of Confidentiality and Non-Compete Agreement or Confidentiality Agreement (as applicable) before disclosure. You agree, during and after the Initial Term and any Successor Terms, that you, your Franchise Owners, employees and independent contractors will: (i) not use the Confidential Information in any other business or capacity, including any derivative or spin-off of the restaurant concept; (ii) maintain the absolute secrecy and confidentiality of the Confidential Information during and after the Initial Term; (iii) not make unauthorized copies of any portion of the Confidential Information disclosed or recorded in written or other tangible form or electronic form; and (iv) adopt and implement all procedures that we require to prevent unauthorized use or disclosure of, or access to, the Confidential Information.

Nothing contained in the Franchise Agreement prohibits you from using the Confidential Information in the operation of your Huey Magoo's Restaurant under the terms of your Franchise Agreement.

ITEM 15 - OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Business Entity Franchisee

If you are a business entity, the Franchise Owners must personally guaranty the Franchisee's obligations under the Franchise Agreement and all other agreements by signing the Guarantee of Franchisee's Obligations included in Exhibit C of the Franchise Agreement.

Designated Representative

If the Franchise Agreement is signed by 2 or more individuals or by a business entity, you agree to designate in writing 1 individual or a Franchise Owner as the Designated Representative upon signing the Franchise Agreement. We have the right to rely solely on instructions of the Designated Representative concerning the operation of the Huey Magoo's Restaurant until we receive a duly signed written notice changing the Designated Representative.

Your Active Participation in Your Franchise

You are not our employee. You are your own boss running your own business subject to our rights under your Franchise Agreement. You acknowledge and agree that your Huey Magoo's Restaurant is not a "passive" investment. We recommend that you be active in the operation of your Huey Magoo's Restaurant but we do not require any personal "on-premises" participation by you provided you hire a trained Manager. We do not require any personal participation of any specific Franchise Owner. You are solely liable and responsible for the operation of the Huey Magoo's Restaurant in accordance with the terms of the Franchise Agreement and the Operations and Policies Manual, regardless of whether you choose to operate the Huey Magoo's Restaurant

as a full-time owner/operator or hire a Manager.

Manager

Either Trainee may act as Manager. Your Manager need not be a Franchise Owner. You acknowledge that, if you choose to operate the Huey Magoo's Restaurant using a Manager, you may experience lower sales and/or higher costs than other Franchise Restaurants managed by owner/operators. The Manager must devote his or her best reasonable full-time efforts to the management and operation of your Huey Magoo's Restaurant. You agree that your Huey Magoo's Restaurant requires the day-to-day supervision of the Manager at all times your Huey Magoo's Restaurant is open for business. The Manager must complete Initial Training before managing your Huey Magoo's Restaurant, unless we otherwise agree in writing. If the Manager fails to satisfy his or her obligations due to the Manager's death, disability, termination of employment or for any other reason, You will satisfy these obligations until you designate a new Manager acceptable to us who has successfully completed Initial Training. You are solely responsible for the expenses associated with Initial Training, including the then-prevailing standard training fee we charge (currently \$500 per day).

Restrictions on Manager and Other Employees

Any person holding any equity in Franchisee must sign our form of Confidentiality and Non-Compete Agreement (attached as Exhibit B-1 to the Franchise Agreement). Additionally, anyone attending our training program will be required to sign our form of trainee Confidentiality Agreement (attached as Exhibit F to this Disclosure Document). Also, your non-managerial personnel will be required to sign our form of Confidentiality Agreement (attached as Exhibit B-2 to the Franchise Agreement).

Under the Development Agreement, any person holding any equity in Franchisee must sign our form of Confidentiality and Non-Compete Agreement (attached as Exhibit C-1 to the Franchise Agreement). Also, your non-managerial personnel will be required to sign our form of Confidentiality Agreement (attached as Exhibit C-2 to the Franchise Agreement).

ITEM 16 – RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Use of the Restaurant Location

You must use your Restaurant Location only for the operation of your Huey Magoo's Restaurant. You must keep your Huey Magoo's Restaurant open for business and in normal operation for the minimum hours and days as we reasonably require in the Operations and Policies Manual or otherwise in writing except as may be limited by local law or the landlord's rules and regulations.

Approved Products and Services

You may offer for sale only products and services we approve. You must offer chicken tender meals, wraps, salads, sandwiches, and specialty dipping sauces operating under our Marks and following our System and of a type, quality and variety consistent with the Huey Magoo's

Chicken Tenders image. You must sell all products and services as we direct. You must obtain Your supplies and equipment from suppliers we select or approve. We have sole discretion in determining what constitutes the Huey Magoo’s Chicken Tenders image. The image is constantly evolving as markets change and evolve. You may not engage in sales through alternative distribution channels or the Internet without our prior written approval. We are not required to give you such approval.

We may change the System or any part of the System at any time, and as changed it will remain the System. We own any improvements or changes in the System whether we, you or other franchisees develop them and have the right to adopt and perfect such improvements or changes without compensating you. If we modify the System, you must, at your own expense, adopt and use the modification(s) as if they were part of the System at the time you signed the Franchise Agreement. There are no restrictions on our right to modify the types of goods and services you will offer except that we will remain primarily offering and selling chicken tender meals, wraps, salads, sandwiches, and specialty dipping sauces.

Sales Restrictions

We do not restrict you in the type of customers to whom you may sell approved products or services. We may suggest but do not dictate the prices you charge for the products you sell and the services you render. You are also required to offer catering and delivery services and activities within the Territory. You cannot engage in catering and delivery services and activities outside the Territory, unless we authorize you in writing. You must provide any catering and delivery services in accordance with the terms of the Manuals and the Franchise Agreement. We retain the right to revise and/or make exceptions to these policies as they apply to you and other Franchisees. You will not solicit business outside your DMA by a toll-free number, direct mail, Internet, website or other advertising or solicitation method without our prior written consent. You may only sell Huey Magoo’s System products and services at retail from your Huey Magoo’s Restaurant, and you may not engage in the wholesale sale and/or distribution of any Huey Magoo’s product, service, equipment or other component, or any related product or service.

ITEM 17– RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 16.1	The initial term of the Franchise Agreement will commence on the Agreement date and expire 10 years from the day your Huey Magoo’s Restaurant commences

Provision	Section in Franchise Agreement	Summary
		operation.
b. Renewal or extension of the term ¹	Section 16.2 and 16.3	You have the right to enter into one Successor Franchise Agreement for an additional term of 10 years, if you meet the requirements and conditions for a Successor Term.
c. Requirements for You to renew or extend ¹	Sections 16.2 and 16.3	<ol style="list-style-type: none"> 1. You must give us timely written notice of your intention to exercise the option; 2. You must complete to our reasonable satisfaction, all maintenance, refurbishing, renovating and upgrading we require; 3. If renovation or maintenance of your Huey Magoo’s Restaurant is not possible or feasible, you must relocate your Huey Magoo’s Restaurant within your Limited Protected Territory but not within the exclusive territory of a Company-Owned Restaurant or another Franchise Restaurant; 4. You must not be in default of your Franchise Agreement or any other agreement with us or our Affiliates; 5. You will sign a Successor Franchise Agreement that may impose materially different terms and conditions than those in your original Franchise Agreement. You will not pay another Initial Franchise Fee but you will pay a Successor Term Fee of \$17,500 or 50% of the then current franchise fee; 6. You must sign a general release of all claims against us and its affiliates, and their respective officers, directors, shareholders, agents and employees, the form included in Exhibit L to this Disclosure Document; and 7. You must be entitled to continue to occupy your Restaurant Location for the entire Successor Term or must obtain our approval of a new location for your Huey Magoo’s Restaurant within your Limited Protected Territory but not within the exclusive territory of a Company-Owned Restaurant or another Franchise Restaurant in accordance with the Franchise Agreement.

Provision	Section in Franchise Agreement	Summary
		<p>If you have not met all of the conditions stated in the Franchise Agreement, we may elect not to enter into a successor franchise agreement (a “Successor Franchise Agreement”). If, within 5 days of notice from us that you have elected not to enter into a Successor Franchise Agreement, you request our permission for you to sell your Franchise Business, then for a 180-day period following this notice (this notice will extend the Initial Term, as necessary, to the end of the 180-day period, unless we have grounds to otherwise terminate the Initial Term), we will permit you to sell your Huey Magoo’s Restaurant to a purchaser subject to our right of first refusal. This transfer must be in compliance with the provisions of the Franchise Agreement and all the other applicable terms of the Franchise Agreement. During this period, you must continue to operate your Huey Magoo’s Restaurant.</p> <p>You will be asked to sign a contract which may contain materially different terms and conditions than your original contract.</p>
d. Termination by You ¹	Section 11.1	<p>If you have substantially complied with the Franchise Agreement and we materially breach the Franchise Agreement, you may give us written notice of the nature of the breach. If we do not cure the breach within 30 days or, within a longer period if the nature of the breach is such that we cannot cure within 30 days, you have the right to terminate the Franchise Agreement. You may also terminate the Franchise Agreement upon the mutual written agreement with us. Any termination of the Franchise Agreement by you other than as stated above is a wrongful termination by you.</p>
e. Termination by Us without cause	Not Applicable	Not Applicable
f. Termination by Us with cause	Sections 11.2, 11.3 and 11.4	We may only terminate our Franchise Agreement if you default.
g. “Cause” defined - curable defaults	Section 11.4	You may cure any non-monetary default other than those specified in Sections 11.2 and 11.3 of your Franchise Agreement within 30 days of written notice from us of the default.
h. “Cause” defined – non-curable defaults ¹	Sections 11.2 and 11.3	<p>The following defaults may not be cured:</p> <ol style="list-style-type: none"> 1. Violation of environmental laws; 2. Insolvency or general assignment for creditors;

Provision	Section in Franchise Agreement	Summary
		<ul style="list-style-type: none"> 3. Filing in bankruptcy; 4. Adjudication of bankruptcy; 5. Filing for appointment of a receiver or custodian; 6. Appointment of a receiver or custodian; 7. Filing for composition with creditors; 8. Judgment of \$25,000 or more remains unsatisfied; 9. Execution of levy; 10. Filing of foreclosure suit; 11. Sale of your assets after levy; 12. Abandonment; 13. Threat to public safety remains uncorrected; 14. Failure to maintain cleanliness or sanitation; 15. Conviction of any offense that might materially adversely affect the System; 16. You deny us our right of inspection or audit; 17. You engage in deleterious conduct; 18. Unauthorized assignment; 19. Breach of confidentiality or noncompetition provisions of Your Franchise Agreement; 20. You knowingly maintain false books or records; 21. Failure to timely transfer on your death or incapacity; 22. Uncured default under your lease; 23. You misuse any of the Intellectual Property; 24. Material adverse change in the financial condition of any Guarantor; or 25. Three or more notices of default for same or similar default during any 12 consecutive months.
<p>i. Your obligations on termination/non-renewal'</p>	<p>Sections 12, 13.1(a)(ii), 14.2; ARTICLE 12</p>	<p>You must:</p> <ul style="list-style-type: none"> 1. Not compete with us or any of our Huey Magoo's Restaurants for 24 months after the end of your Franchise Agreement within 3 miles of any Huey Magoo's Restaurant or Company-Owned Restaurant then in operation or under contract. 2. Indemnify us from any losses or damages we sustain

Provision	Section in Franchise Agreement	Summary
		<p>as a result of your Huey Magoo’s Restaurant;</p> <ol style="list-style-type: none"> 3. Maintain confidentiality of all our Confidential Information; 4. Cease operating your Huey Magoo’s Restaurant; 5. Pay all amounts you owe to us; 6. Comply with our option to purchase your Huey Magoo’s Restaurant; 7. Distinguish your Restaurant Location from any indicia of the Business System; 8. Avoid unfair competition with us; 9. Return all Intellectual Property to us; 10. Discontinue use of the Principal Trademark; 11. Assign your lease to us; and 12. Pay us liquidated damages.
j. Assignment of contract by us	Section 10.1	We have the absolute right to transfer, assign or delegate all or any part of our rights or obligations under the Franchise Agreement to any person without your consent or approval.
k. “Transfer” by You defined	Sections 10.2 and 10.3	Transfer means any sale, assignment, transfer, conveyance or gift, whether voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, of any direct or indirect interest in your Franchise Agreement or in your Huey Magoo’s Restaurant. A transfer of less than 25% of the voting rights or ownership interests in the above and a transfer to any other original owner of your Huey Magoo’s Restaurant is not considered a transfer.
l. Our approval of transfer by You	Sections 10.2 and 10.3	We have the right to approve or disapprove of any transfers.
m. Conditions for Our approval of transfer	Sections 10.2 and 10.3	<ol style="list-style-type: none"> 1. We do not exercise our right of first refusal; 2. You are not in default under any agreement you have with us or any Affiliate; 3. You must sign a general release of us, the form of which is attached as Exhibit L to this Disclosure Document; 4. The transferee may not have any other business that competes with us or any Huey Magoo’s Restaurant; 5. The transferee must sign a new franchise agreement that may impose materially different terms and conditions than those in your original Franchise

Provision	Section in Franchise Agreement	Summary
		<p>Agreement but the transferee will not have to pay a new Initial Franchise Fee;</p> <p>6. The transferee must pay a transfer fee of \$17,500;</p> <p>7. We must interview and approve the transferee;</p> <p>8. The transferee must satisfactorily complete our application procedures;</p> <p>9. The transferee must renovate your Huey Magoo’s Restaurant as we specify;</p> <p>10. The transferee must properly assume all your obligations, including your lease;</p> <p>11. The transferee must successfully complete Initial Training; and</p> <p>12. We must approve of the proposed terms of sale or other factors involved in the transfer.</p> <p>your buyer will be asked to sign a contract with materially different terms and conditions than your original contract.</p>
n. Our right of first refusal to acquire Your business	Section 10.5	We have the option to purchase on the same terms as contained in the Offer. We will give you written notice of election within 30 days after our receipt of the Offer notice and all required information.
o. Our option to purchase Your business	Section 12.4	We have the right (but not the duty), exercisable upon written notice to you given within 30 days after termination of the Franchise Agreement, to purchase for cash any assets of your Huey Magoo’s Restaurant at the fair market value.
p. Your death or disability	Section 10.4	<p>You or your representative must:</p> <ol style="list-style-type: none"> 1. Provide a replacement manager satisfactory to us; and 2. Your personal representative must transfer the Huey Magoo’s Restaurant within 6 months of your death in accordance with the transfer provisions of your Franchise Agreement.
q. Non-competition covenants during the term of the franchise ¹	Subsection 13.1(a)(i)	No involvement in competing business anywhere in U.S.
r. Non-competition covenants after the franchise is terminated or expires ¹	Subsection 13.1(a)(ii)	No competing business for two (2) years at the Restaurant Location, within your Limited Protected Territory, within 3 miles of the perimeter of your Limited Protected Territory, or within 3 miles of the perimeter of (or within) any other Huey Magoo’s Limited Protected Territory.
s. Modification of the agreement	Sections 1.2, 6.3, 13.1(f), 19.1,	Your Franchise Agreement may not be modified without the consent of both you and us except:

Provision	Section in Franchise Agreement	Summary
	19.2 and 19.3	1. We may change the contents of the Operations and Policies Manual; 2. We may modify the System; and 3. A court may modify any provision of your Franchise Agreement in accordance with applicable law.
t. Integration/merger clause	Section 19.15	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of this Franchise Disclosure Document and the Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement is intended to disclaim the representations we made in this Franchise Disclosure Document that we furnished to you.
u. Dispute resolution by arbitration or mediation ¹	ARTICLE 17	All disputes must be resolved first by mediation and, if mediation is not successful, then by arbitration except claims involving: <ol style="list-style-type: none"> 1. The Intellectual Property; 2. Any lease or sublease of real property; 3. Your obligations upon termination or expiration of your Franchise Agreement; 4. Any transfers; 5. Matters involving claims of danger, health or safety; and 6. Requests for restraining orders, injunctions or similar procedures. You must waive your rights to a jury trial and claims for punitive damages.
v. Choice of forum ¹	Section 17.4	Any mediation or arbitration proceeding must be conducted where our principal office is located when demand for mediation or arbitration is filed. Any litigation to enforce the Franchise Agreement must be filed in the courts where our principal office is located when litigation is filed (currently Broward County, Florida).
w. Choice of law ¹	Section 17.6	Except to the extent governed by the United States Trademark Act of 1946, the United States Copyright Act or the United States Arbitration Act, the Franchise Agreement is interpreted under the laws of Florida.

¹ See Exhibits A to this Franchise Disclosure Document and the State Addenda to the Franchise Agreement for certain state-specific requirements.

THE DEVELOPMENT RELATIONSHIP

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

Provision	Section in Development Agreement	Summary
a. Length of Development Rights term	Article 1 A and C and Exhibit B 1	The initial term of the Development Agreement is from the Agreement Date until the earlier of the actual date of execution of the last Franchise Agreement to be signed under the Development Agreement or the Expiration Date on Exhibit B to the Development Agreement.
b. Renewal or extension of the term ¹	Article 1 B	You have the option to renew for an additional term if You meet the requirements for renewal, request the option in writing within 30 days of fulfillment of the Development Agreement, and exercise such option within 30 days of receipt of a new development schedule from us.
c. Requirements for You to renew or extend	Article 1 B	<ol style="list-style-type: none"> 1. You must timely give us written notice of your intention to exercise the option. 2. You must not be in default of your Development Agreement or any other agreement with us. 3. You have, when you renew, sufficient financial and management resources in our discretion to continue development of additional Huey Magoo’s Restaurants in the Development Area. 4. You must meet our qualification and training requirements. 5. You, within 30 days before the expiration of your option, sign a new Development Agreement with materially different terms and conditions than in your existing Development Agreement including a new Development Fee and new Development Schedule. 6. You must sign a General Release, the form of which is included in Exhibit L to this Disclosure Document. You will be asked to sign a contract with materially different terms and conditions than your original contract.
d. Termination by You ¹	Article 10 II	If you have substantially complied with the Development Agreement and we materially breach the Development Agreement, you may give us written notice of the nature of the breach. If we do not cure the breach within 30 days or within a longer period, if the nature of the breach is such that we cannot cure within 30 days, you have the right to terminate the Development Agreement.

Provision	Section in Development Agreement	Summary
e. Termination by Us without cause	Not Applicable	Not Applicable
f. Termination by Us with cause	Article 10 I	We may only terminate your Development Agreement with cause if you default.
g. "Cause" defined - curable defaults	Article 10 I	You have 30 days or any longer period as applicable law may require, after we deliver you a written notice of default to cure any default and provide evidence of cure satisfactory to us. If you fail to cure timely any curable default, we have the right to terminate the Development Agreement effective upon your receipt of our written notice of termination. You have the burden of proving you have timely cured any default, to the extent it is a curable default under the Development Agreement.
h. "Cause" defined - non- curable defaults	Article 10 I	We may terminate the Development Agreement by giving you written notice of termination if we terminate any Franchise Agreement between the parties due to your default, after we have given you written notice of default if notice is required, and afforded you an opportunity to cure if you have a right to cure.
i. Your obligations on termination/ nonrenewal	Article 11	Upon termination or expiration of the Development Agreement, all your Development Rights cease and we are free to offer the Development Area to others.
j. Assignment of contract by us	Article 12 A	We have the absolute right to transfer, assign or delegate all or any part of our rights or obligations under the Development Agreement to any person without your consent or approval.
k. "Transfer" by You defined	Article 12 B	Transfer means any sale, assignment, transfer, conveyance or gift, whether voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, of any direct or indirect interest in your Development Agreement.
l. Our approval of transfer by You	Article 12 B2	You must obtain our prior written approval of any transfers.
m. Conditions for Our approval of transfer	Article 12 B	You may transfer the Development Agreement to a business entity owned by you but you continue to remain personally liable for all of your obligations under the Development Agreement. If all of your obligations to us have been satisfied; you have executed and delivered a general release of us; you have no other defaults; transferee meets all of our standards; the

Provision	Section in Development Agreement	Summary
		transfer includes all franchised restaurant in the Development Area; you pay us a transfer fee of \$17,500; you have at least one Restaurant in operation in the Development Area; we have approved any financing.
n. Our right of first refusal to acquire Your business	Article 12 B 2	We have the first right of refusal to acquire your business provided we close within 30 days of our exercise of that right.
o. Our option to purchase Your business	Not Applicable	Not Applicable
p. Your death or disability	Article 12B 2	We must approve any transferee
q. Non-competition covenants during the term	Section 11 B	You must not be engaged in a competitive business anywhere in the U.S. during the term of your agreement
r. Non-competition covenants after the agreement is terminated or expires	11 B	No competing business for two (2) years at the Restaurant Location of any Restaurant developed under the Development Agreement, within the Limited Protected Territory of each Restaurant developed under the Development Agreement, within 3 miles of the perimeter the Limited Protected Territory of each Restaurant developed under the Development Agreement, or within 3 miles of the perimeter of (or within) any other Huey Magoo’s Limited Protected Territory
s. Modification of the agreement	Article 19	A party cannot amend, supplement or change the provisions of the Development Agreement except by an Amendment to Development Agreement signed by the parties. Only an authorized officer of ours has the authority to sign an Amendment to Development Agreement on our behalf.
t. Integration/merger clause	Article 13 I	Only the terms of the Development Agreement are binding (subject to state law). Any representations or promises outside of this Franchise Disclosure Document and the Development Agreement may not be enforceable. Nothing in the Development Agreement is intended to disclaim the representations we made in this Franchise Disclosure Document that we furnished to you.

Provision	Section in Development Agreement	Summary
u. Dispute resolution by arbitration or mediation ¹	Article 13 H	The dispute resolution provisions of Article 17 of the Franchise Agreement are controlling.
v. Choice of forum ¹	Article 13 F	Any mediation or arbitration proceeding must be conducted where our principal office is located when demand for mediation or arbitration is filed. Any litigation to enforce the Development Agreement must be filed in the courts in Broward County, Florida.
w. Choice of law ¹	Article 13 E	Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 <i>et seq.</i>), the United States Copyright Act (17 U.S.C. 101 <i>et seq.</i>) or the United States Arbitration Act (9 U.S.C. Sections 1 <i>et seq.</i>), the Development Agreement is interpreted under the laws of Florida. This may be superseded by state law.

¹ See Exhibits A to this Franchise Disclosure Document and the State Addenda to the Development Agreement for certain state-specific requirements.

ITEM 18 - PUBLIC FIGURES

We do not use any public figure to promote our Huey Magoo's Restaurants.

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 franchises and/or franchisor-owned Restaurants, 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 Restaurant 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.

This financial performance representation contains actual, historical average,² median,³ and high/low annual Gross Revenues information during a 53-week fiscal period (from December 26, 2022, through December 31, 2023) for (1) all Huey Magoo's Restaurants (both franchised and

² Average annual Gross Revenues are calculated by dividing total Gross Revenues during the entire 2023 Fiscal Year for all Restaurants in the particular grouping that were open for operation during the entire 2023 Fiscal Year by the number of Restaurants in the particular grouping that were open for operation during the entire 2023 Fiscal Year.

³ Median annual Gross Revenues represent the middle annual Gross Revenues figure during the 2023 Fiscal Year for all Restaurants in the particular grouping that were open for operation during the entire 2023 Fiscal Year, with an equal number of Restaurants with Gross Revenues above and below that figure.

owned by us/our affiliates), (2) separately for all franchised Huey Magoo's Restaurants, and (3) separately for the one affiliate-owned Huey Magoo's Restaurant, that were open for business in the United States during the entire 53-week fiscal year (from December 26, 2022, through December 31, 2023).

Gross Revenues were calculated in the same manner that you would calculate Gross Revenues for purposes of determining your Royalty. For the avoidance of doubt, "Gross Revenues" means the all revenues and income from any source that was derived or received from, through, by or on account of the operation of the Restaurant business, whether received in cash, in services, in kind, from barter and/or exchange (valued at the full retail value of the goods or services received), on credit (whether or not ultimately payment on credit transactions is ultimately received), or otherwise, excluding federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority (and after deducting customer refunds and credits, employee meals, customer discounts, and coupon sales).

The actual average annual Gross Revenues from December 26, 2022, through December 31, 2023 (the "2023 Fiscal Year"), for all Huey Magoo's Restaurants in the system that were open for operation during the entire 2023 Fiscal Year, including both franchised and affiliate-owned Restaurants, were \$2,242,907. All Restaurants that were open during the entire 2023 Fiscal Year are included, even if their ownership changed during that time period. The total number of Restaurants included in this average was 40 (1 owned by us/our affiliates and 39 franchised). The number of franchised Restaurants open for operation during the entire 2023 Fiscal Year whose actual Gross Revenues exceeded the \$2,242,907 average during the 2023 Fiscal Year totaled 18 (45%). The number of affiliate-owned Restaurants open for operation during the entire 2023 Fiscal Year whose actual 2023 Gross Revenues exceeded the \$2,242,907 average during the 2023 Fiscal Year totaled 0 (0%). (Excluded from this Item 19 are the results of (i) 13 franchised Restaurants that opened during the 2023 Fiscal Year, and (ii) 2 franchised Restaurants that are Non-Traditional Express Restaurants.

The actual median annual Gross Revenues during the 2023 Fiscal Year for all Huey Magoo's Restaurants in the system in the United States that were open for operation during the entire 2023 Fiscal Year, including both franchised and affiliate-owned Restaurants, were \$2,064,527. The Restaurant with the highest annual Gross Revenues during the 2023 Fiscal Year had Gross Revenues of \$3,881,956. The Restaurant with the lowest annual Gross Revenues during the 2023 Fiscal Year had Gross Revenues of \$886,539.

The Gross Revenues information for franchised Restaurants was obtained from information we polled from point-of-sale systems in the Restaurants. We have not independently audited that information. The franchised Restaurants that were open for operation during the entire 2023 Fiscal Year and whose average Gross Revenues during the 2023 Fiscal Year are reported above are substantially similar to the Restaurant franchises we currently offer. The actual average annual Gross Revenues during the 2023 Fiscal Year for the 39 franchised Huey Magoo's Restaurants open for operation during the entire 2023 Fiscal Year were \$2,247,772. The number of franchised Restaurants open for operation during the entire 2023 Fiscal Year whose actual Gross Revenues exceeded this \$2,247,772 franchised Restaurant average during the 2023 Fiscal Year

totaled 17 (43.6%). The actual median annual Gross Revenues during the 2023 Fiscal Year for the 39 franchised Huey Magoo's Restaurants open for operation during the entire 2023 Fiscal Year were \$2,075,898. The franchised Restaurant with the highest annual Gross Revenues during the 2023 Fiscal Year had Gross Revenues of \$3,881,956. The franchised Restaurant with the lowest annual Gross Revenues during the 2023 Fiscal Year had Gross Revenues of \$886,539.

The actual annual Gross Revenues during the 2023 Fiscal Year for our/our affiliates' 1 Huey Magoo's Restaurant open for operation during the entire 2023 Fiscal Year was \$2,053,156. The Gross Revenues information for the affiliate-owned Restaurant was obtained from restaurant-specific reports, financial statements, and other information provided by our affiliate.

The actual annual Gross Revenues numbers reported above do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the Gross Revenues figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Huey Magoo's Restaurant. Franchisees or former franchisees, listed in this disclosure document, may be one source of this information.

This financial performance representation was prepared without an audit. Prospective franchisees or sellers of franchises should be advised that no certified public accountant has audited these figures or expressed his/her opinion with regard to their contents or form. Written substantiation of all financial information presented in this financial performance representation will be made available to you upon reasonable request.

Some Huey Magoo's Restaurants have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.

We recommend that you make your own independent investigation to determine whether or not a Huey Magoo's Restaurant may be profitable. We recommend that you consult with professional advisors before executing any agreement.

Other than the preceding financial performance representation, We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised Restaurants. We also do not authorize our employees or representatives to make such representations either orally or in writing. If you are purchasing an existing Restaurant, however, We may provide you with the actual records of that Restaurant. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Andrew Howard, Huey Magoo's Restaurants, LLC, 6220 Hazeltine National Drive, Suite 110, Orlando, Florida, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 - OUTLETS AND FRANCHISEE INFORMATION

(Note: All numbers are as of December 31 of each year.)

TABLE NO. 1
Systemwide Outlet Summary
For years 2021 to 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	14	18	+4
	2022	18	42	+24
	2023	42	55	+13
Company-Owned	2021	1	1	0
	2022	1	1	0
	2023	1	1	0
Total Outlets	2021	15	19	+4
	2022	19	43	+24
	2023	43	56	+13

TABLE NO. 2
Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor)
For years 2021 to 2023

State	Year	Number of Transfers
Florida	2021	0
	2022	2
	2023	0
Total	2021	0
	2022	2
	2023	0

TABLE NO. 3
Status of Franchised Outlets
For Years 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminated	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other	Outlets at End of Year
Alabama	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Florida	2021	13	1	0	0	0	0	14
	2022	14	11	0	0	0	0	25
	2023	25	5	0	0	0	0	30
Georgia	2021	1	3	0	0	0	0	4
	2022	4	5	0	0	0	0	9
	2023	9	0	0	0	0	0	9
Mississippi	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
	2023	2	1	0	0	0	0	3
Missouri	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
Nevada	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
North Carolina	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Ohio	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	2	0	0	0	0	3
South Carolina	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Terminated	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other	Outlets at End of Year
	2023	0	0	0	0	0	0	2
Tennessee	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Totals	2021	14	4	0	0	0	0	18
	2022	18	24	0	0	0	0	42
	2023	42	13	0	0	0	0	55

TABLE NO. 4
Status of Company-Owned Outlets
For Years 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Florida	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Totals	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1

TABLE NO. 5
Projected Openings As of December 31, 2023

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In This Fiscal Year (2024)	Projected New Company- Owned Outlet In This Fiscal Year (2024)
Arizona	0	1	0
Florida	7	11	1
Georgia	3	10	0
Kentucky	2	2	0
Mississippi	1	2	0
Ohio	1	6	0
South Carolina	1	1	0
West Virginia	1	0	0
TOTAL	16	33	1

The preceding table contains our goals and is not a representation that we will actually achieve our goals. In some instances, because of management, legal or other considerations, we may elect to offer no franchises in some listed state(s).

List of Current Franchisees

Please understand that you have the opportunity to contact existing and certain other former franchisees, and we urge you to do so.

Exhibit I contains the names and contact information for all franchisees currently operating under a franchise agreement with us as of the end of our 2023 fiscal year, and for all franchisees who have signed a franchise agreement but who have not yet opened a Restaurant as of the end of our 2023 fiscal year.

List of Former Franchisees

No Huey Magoo’s Restaurant has been terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during our 2023 fiscal year.

There are no franchisees in any state who have not communicated with us within 10 weeks of the original issuance date of this disclosure document.

Your Contact Information

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Confidentiality Agreements

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

Franchise Advisory Board

We do not have a franchise advisory board.

Independent Franchisee Association

The following independent franchisee organizations have requested us to be included in this Franchise Disclosure Documents.

Tenders Franchise Association
P.O. Box 11035
Columbia, SC 29211
Telephone: (803) 252-7128
Email: leigh@associationplus.com

The name, address, telephone number, e-mail address, and Web address (to the extent known) of each trademark-specific franchisee organization associated with the franchise system:

None

ITEM 21 - FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit J are our (i) unaudited financial statements for the period covering January 1, 2024 through March 31, 2024 and (ii) audited financial statements for the periods ending December 31, 2021, December 31, 2022 and December 31, 2023.

ITEM 22 – CONTRACTS

The following contracts, agreements and other relevant documents are attached as Exhibits to this Franchise Disclosure Document:

- A State Addenda to Franchise Disclosure Document
- C Franchise Agreement
State Addenda to Franchise Agreement

Exhibits to Franchise Agreement:

Exhibit A – Restaurant Location; Limited Protected Territory

Exhibit B – Confidentiality and Non-Compete Agreement

Exhibit C – Guaranty of Franchisee’s Obligations

Exhibit D – Business Entity/Owner Information

Exhibit E – Required Agreement Regarding Franchisee Lease

Exhibit F – Telephone Number and Directory Advertising Assignment Agreement

- D Development Agreement
 - State Addenda to Development Agreement
 - Exhibits to Development Agreement:
 - Exhibit A – Development Area
 - Exhibit B – Development Schedule/Minimum Development Quota
 - Exhibit C – Confidentiality and Non-Compete Agreement
 - Exhibit D – Business Entity/Owner Information
 - Exhibit E – Required Agreement Regarding Franchisee Lease
- E Electronic Transfer of Funds Authorization
- F Trainee Waiver and Indemnification Agreement and Trainee Confidentiality Agreement
- G Coca-Cola Form of Participating Franchisee Agreement
- H Dr Pepper Form of Franchisee Participation Agreement
- M General Release

ITEM 23 - RECEIPTS

You will find 2 copies of a detachable Receipt attached as Exhibit N at the very end of this Franchise Disclosure Document. It is not a binding contract. This merely verifies that you have received this Franchise Disclosure Document. Please complete and sign both copies. Keep a copy of your files and return the other copy to us.

EXHIBIT A TO FRANCHISE DISCLOSURE DOCUMENT

STATE ADDENDA TO DISCLOSURE DOCUMENT

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

OUR WEBSITES HAVE NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of California:

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

The State of California has codified regulations specific to the food service industry which may be applicable to you. You may refer to California Plan Check Guide for Retail Food Facilities at <http://www.ccdeh.com/resources/documents/food-safety-guidelines-1/152-california-plan-check-guide-for-retail-food-facilities-2/file>. For further requirements, please see the California Retail Food Code at <http://www.cdph.ca.gov/services/Documents/fdbRFC.pdf>.

If the franchised outlet sells alcoholic beverages, the franchisee must comply with the requirements set forth in the Alcoholic Beverage Control Act and the California Code of Regulations, Title 4 for the sale of alcoholic beverages.

ITEM 6 OTHER FEES

1. The highest interest rate permitted under California law is 10%.

ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act. As long as this represents the law of the State of California, we will not interpret the Franchise Agreement as permitting or requiring maximum price limits.

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. California Business and Professions Code sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.
2. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq).
3. The Franchise Agreement contains a provision requiring application of the laws of New York. This provision may not be enforceable under California law.
4. The Franchise Agreement requires venue to be limited to the state and county where the Franchisor's headquarters is then located (currently Hennepin County, Minnesota). This provision may not be enforceable under California law. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

5. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law. The franchisor will not enforce in California the prohibition on franchisee employing or soliciting for employment any current or former managerial employee of franchisor or its affiliates (also known as a no-poach/non-solicitation provision) in Section 13 of the Franchise Agreement and Section 11 of the Development Agreement that are disclosed in Item 17, rows q and r.
6. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).
7. California Corporations Code, Section 31125 requires us to give you a disclosure document, approved by the Department of Financial Protection and Innovation before we ask you to consider a material modification of your franchise agreement.
8. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.
9. California Corporations Code, Section 31119, states that it is unlawful to sell any franchise in California that is subject to registration under this law without first providing to the prospective franchisee, at least 14 days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least 14 days prior to the receipt of any consideration, whichever occurs first, a copy of the offering circular, together with a copy of all proposed agreements relating to the sale of the franchise.
10. Neither the franchisor nor any person or franchise broker disclosed in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such persons from membership in such association or exchange.

OTHER

1. The Franchise Agreement contains a provision requiring you to waive your right to punitive or exemplary damages against the franchisor or any of its representatives, limiting your recovery to actual damages. Under California Corporations Code section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.
2. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
3. California's Franchise Investment Law (Corporations Code section 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

1. This proposed registration is exempt from the registration requirements of the states of Connecticut, Florida, Iowa, Kentucky, Maine, Nebraska, North Carolina, Ohio, Oklahoma, South Carolina, Texas and Utah (or, if an exemption notice filing is required to perfect the exemption in any of those states prior to offer or sale of a franchise in such state, then such exemption notice filing will be completed prior to the offer or sale of a franchise in such state).
2. This proposed registration is or will be shortly on file in the states of States of California, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.
3. No states have refused, by order or otherwise, to register these franchises.
4. No states have revoked or suspended the right to offer these franchises.
5. The proposed registration of these franchises has not been withdrawn in any state.
6. No release language set forth in the Franchise Agreement or Development Agreement will relieve the Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Hawaii.
7. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

- A. Illinois law governs the Franchise Agreement(s).
- B. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
- C. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
- D. In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

OTHER

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

INDIANA ADDENDUM TO DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Indiana:

1. The Franchise Agreement and Development Agreement will each be governed by Indiana law, rather than Florida law, as stated in Section 17.6 of the Franchise Agreement (“Governing Law”) and Section 13(E) of the Development Agreement (“Governing Law”), respectively.
2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as a material breach of the franchise agreement, shall supersede the provisions of Article 17 of the Franchise Agreement (“Default and Termination”) and Article 15 of the Area Development Agreement (“Default and Termination”), respectively, in the State of Indiana to the extent they may be inconsistent with such prohibition.
3. No release language set forth in the Franchise Agreement or in the Area Development Agreement shall relieve the Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.
4. Notwithstanding the terms of Section 14.2(a) of the Franchise Agreement (“Our Indemnification”), Franchisee will not be required to indemnify Franchisor for any liability caused by Franchisee’s proper reliance on or use of procedures or materials provided by Franchisor or caused by Franchisor’s negligence.
5. Section 13.1 of the Franchise Agreement (“Enforcement of Covenants Not to Compete”) shall not apply to franchises (or area franchises) sold in the State of Indiana.
6. Section 17.7 of the Franchise Agreement (“Waiver of Punitive Damages”) is deleted from all Franchise Agreements used in the State of Indiana.
7. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

The following provisions will supersede anything to the contrary in the Franchise Disclosure Document or Franchise Agreement and will apply to all franchises offered and sold under the laws of the State of Maryland:

ITEM 5

If your Franchise Agreement or Development Agreement is a successor agreement and the Franchisor requires you to sign a general release as a condition of the sale of such successor franchise to you, such a general release required as a condition of sale shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
2. A franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Laws must be brought within three years after the grant of the Franchise.
3. The provision of the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

OTHER

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE MICHIGAN FRANCHISE INVESTMENT LAW**

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.

- i. A prohibition on the right of a franchisee to join an association of franchisees.
- ii. A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives 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.
- iii. A provision that permits 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 reasonably opportunity, which in no event need be more than 30 days, to cure such failure.
- iv. 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, logotype, advertising of 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.
- v. 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.
- vi. 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.
- vii. A provision which permits a Franchisor to refuse to permit a transfer or 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 an sums owing to the Franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

viii. 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).

ix. A provision which permits the Franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual service.

x. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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 THE OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN.: FRANCHISE, 670 LAW BLDG., LANSING, MICHIGAN 48913, (517) 373-7117.

MINNESOTA ADDENDUM TO THE DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Disclosure Document or Franchise Agreement, the following provisions will supersede and apply:

ITEM 13 TRADEMARKS

Franchisor will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit the Franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the disclosure document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.
2. No release language set forth in the Franchise Agreement will relieve the Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota.
3. Minnesota law provides franchisees with certain termination and non-renewal rights. Minnesota Statutes, Section 80C.14, subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.
4. Under the terms of the Franchise Agreement as modified by the Minnesota Addendum to the Franchise Agreement, you agree that if you engage in any non-compliance with the terms of the Franchise Agreement or unauthorized or improper use of the System or Proprietary Marks, during or after the period of this Agreement, we will be entitled to seek both temporary and permanent injunctive relief against you from any court of competent jurisdiction, in addition to all other remedies which we may have at law, and you consent to the seeking of these temporary and permanent injunctions."
5. Any claims arising under Minnesota Statutes, Chapter 80C must be brought within three years after the cause of action accrues.

OTHER

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Disclosure Document or Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold under the laws of the State of New York:

COVER PAGE

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, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.

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.

THE FRANCHISOR REPRESENTS THAT THE PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

ITEM 2. BUSINESS EXPERIENCE

Item 2 of the Disclosure Document lists the directors, principal officers and other executives who will have management responsibility in connection with the operation of the Franchisor's business relating to the franchises offered by this disclosure document, with a statement for each regarding his or her principal occupations over the past five years.

ITEM 3. LITIGATION

Neither the Franchisor, its affiliates nor any person named in Item 2 above has pending any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) alleging a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations.

Neither the Franchisor, its affiliates nor any person named in Item 2 above has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten year period immediately preceding the application for registration, has been convicted of a misdemeanor or pleaded nolo contendere to a misdemeanor charge or been held liable in a civil action by final judgment or been the subject of a material complaint or other legal proceeding, if such misdemeanor conviction or charge or civil action, complaint or other legal proceeding involved violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations.

Except as disclosed in Item 3 of the FDD, neither the Franchisor, its affiliates, nor any person named in Item 2 above is subject to any currently effective injunctive or restrictive order or decree relating to franchises in general or the franchise offered or under any federal, state or Canadian franchise, securities, antitrust, trade

regulation or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. You may utilize whatever legal rights you may possess to suspend or discontinue operations due to a breach by the Franchisor and you may terminate the Agreement on any grounds available by law.
2. Sections 13.01 (H) and 14.04 (O) of the Franchise Agreement are each amended to include the following language immediately following the requirement that Franchisee execute a General Release:

“Provided, however, that all rights enjoyed by Franchisee and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of GBL, Section 687.4 and 687.5 be satisfied.”
3. The requirements of Section 12.04 and Section 23.01 of the Franchise Agreement that you consent to the entry of an injunction are modified in the State of New York to provide only that you consent to the seeking of such an injunction.
4. The following sentence is added at the end of the section entitled “Modification” in Item 17 of the Disclosure Document:

“The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York.”

OTHER

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of North Dakota:

1. The laws of the State of North Dakota supersede any provisions of the Franchise Agreement or New York law if such provisions are in conflict with North Dakota law. The Franchise Agreement and Area Development Agreement will be governed by North Dakota law, rather than New York law, as stated in Item 17(w) of the Franchise Disclosure Document, Section 17.6 of the Franchise Agreement (“Governing Law”) and Section 13(E) of the Area Development Agreement (“Governing Law”).
2. Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of North Dakota, is deleted from Franchise Agreements issued in the State of North Dakota.
3. No release language set forth in the Franchise Agreement shall relieve the Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of North Dakota.
4. Item 17(c) of the Franchise Disclosure Document and Section 16.2(a)(v) of the Franchise Agreement (“Successor Term”) each require the execution of a general release upon renewal. This requirement is deleted from all Franchise Disclosure Documents and Franchise Agreements used in the State of North Dakota.
5. Item 17(i) of the Franchise Disclosure Document, Article 12 of the Franchise Agreement (“Your Obligations Upon Termination or Nonrenewal”) and Section 11 of the Development Agreement (“Effect of Termination and Expiration”) may require franchisees to consent to termination or liquidated damages. This requirement is deleted from all Franchise Disclosure Documents and agreements used in the State of North Dakota.
6. Covenants restricting competition in the State of North Dakota, such as those found in Item 17(r) of the Franchise Disclosure Document, Section 13.1 of the Franchise Agreement (“Covenant Not to Compete”) and Section 11(B) of the Area Development Agreement (“Covenant Not to Compete”), may be subject to Section 9-08-06 of the North Dakota Century Code. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.
7. Item 17(v) of the Franchise Disclosure Document, Section 17.4 of the Franchise Agreement (“Jurisdiction and Venue”) and Section 18.13 of the Area Development Agreement (“Venue”) each require that the franchisee consent to the jurisdiction of courts in New York County, New York. This requirement is deleted from all Franchise Disclosure Documents and agreements used in the State of North Dakota.
8. Section 17.8 of the Franchise Agreement (“Waiver of Jury Trial”) requires the franchisee to consent to a waiver of trial by jury. This requirement is deleted from all Franchise Agreements used in the State of North Dakota.
9. Section 17.7 of the Franchise Agreement (“Waiver of Punitive Damages”) requires the franchisee to consent to a waiver of exemplary and punitive damages. This requirement is deleted from all Franchise Agreements and Area Development Agreements used in the State of North Dakota.
10. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT
ADDITIONAL INFORMATION REQUIRED BY
THE STATE OF RHODE ISLAND**

In recognition of the requirements of the State of Rhode Island Franchise Investment Act (the "Act"), §19-28.1 *et seq.*, the Franchise Disclosure Document submitted by Huey Magoo's Restaurants, LLC for use in the State of Rhode Island is amended as follows:

1. Item 17 u.- Dispute resolution by arbitration or mediation shall comply with §19-28.1-21 of the Act - Private civil actions - and be amended to read:

(a.) A person who violates any provision of this Act is liable to the franchisee for damages, costs, and attorneys and experts fees. In the case of a violation of §§ 19-28.1-5, 19-28.1-8, or 19-28.1-17(1)-(5), the franchisee may also sue for rescission. No person shall be liable under this section if the defendant proves that the plaintiff knew the facts concerning the violation.

(b) Every person who directly or indirectly controls a person liable under this section, every principal executive officer or director of the liable person, every person occupying a similar status or performing similar functions, and every agent or employee of a liable person, who materially aids in the act or transaction constituting the violation, is also liable jointly and severally with and to the same extent as the person liable under this section, unless the agent, employee, officer, or director proves he or she did not know, and in the exercise of reasonable care could not have known of the existence of the fact by reason of which the liability is alleged to exist.

2. Item 17 v. - Choice of forum and Item 17 w. - Choice of law shall comply with § 19-28.1-14 of the Act - Jurisdiction and venue - and be amended to read:

A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.

3. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

SOUTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

VIRGINIA ADDENDUM TO THE DISCLOSURE DOCUMENT

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for use in the Commonwealth of Virginia shall be amended as follows:

1. Additional Disclosure: The following statements are added to Item 17.h:

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement do not constitute “reasonable cause” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

2. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
3. If a franchisee is signing the Franchise Agreement as one individual, we do not require that the franchisee’s spouse sign a personal guarantee of the franchisee’s obligations under the Franchise Agreement merely because they are the spouse of the franchisee.

WASHINGTON ADDENDUM TO THE DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Washington:

1. If any of the provisions in the franchise disclosure document or franchise agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over the inconsistent provisions of the franchise disclosure document and franchise agreement with regard to any franchise sold in Washington.
2. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
3. A release or waiver of rights executed by a Franchisee will not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, and rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
4. The state of Washington has a statute, RCW 19.100.180 which may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise.
5. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
6. Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.
7. The Franchisor will have no obligation upon the termination of the first Successor Franchise Agreement to offer the Franchisee a continued right to operate its Huey Magoo's Restaurant, and the Franchisee may be required at that time to stop operating its outlet as a Huey Magoo's Restaurant and to comply with all post-termination obligations.
8. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
9. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

10. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

WISCONSIN ADDENDUM TO DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Wisconsin:

1. **REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES OF THE STATE OF WISCONSIN.**
2. The following shall apply to Franchise Agreements in the State of Wisconsin:
 - a. The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 shall apply to and govern the provisions of Franchise Agreements issued in the State of Wisconsin.
 - b. That Act's requirement, including the requirements that, in certain circumstances, a franchisee receives ninety (90) days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, shall supersede the requirements of Article 19 of the Franchise Agreement ("Default and Termination") to the extent they may be inconsistent with the Act's requirements.
3. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

EXHIBIT B TO HUEY MAGOO'S DISCLOSURE DOCUMENT

**STATE FRANCHISE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

STATE FRANCHISE ADMINISTRATORS

CALIFORNIA

California Commissioner of the
Department of Financial
Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(866) 275-2677

HAWAII

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs,
Business Registration Division,
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS

Chief – Franchise Bureau
Office of Attorney General
State of Illinois
500 South Second Street
Springfield, Illinois 62706

INDIANA

Franchise Section
Indiana Securities Commission
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204

MARYLAND

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
670 Williams Building
525 W. Ottawa Street
Lansing, Michigan 48913

MINNESOTA

Minnesota Department of Commerce
Securities-Franchise Registration
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198

NEW YORK

NYS Department of Law
Investor Protection Bureau
28 Liberty St. 21st Fl.
New York, New York 10005
212-416-8236

NORTH DAKOTA

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, 14th Floor, Dept. 414
Bismarck, North Dakota 58505-0510
701-328-4712

RHODE ISLAND

Division of Securities
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, Rhode Island 02920

SOUTH DAKOTA

Department of Labor and Regulation
Division of Insurance
Securities Regulation
124 S Euclid, Suite 104
Pierre, South Dakota 57501

VIRGINIA

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804-371-9051)

WASHINGTON

Securities Division
Department of Financial Institutions
P.O. Box 41200
Olympia, WA 98504-1200
360-902-8760

WISCONSIN

Securities and Franchise Registration
Wisconsin Securities Commission
201 W. Washington Avenue – Third Fl.
Madison, Wisconsin 53703

AGENTS FOR SERVICE OF PROCESS

If a state is not listed below, Huey Magoo's Restaurants, LLC has 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 below in which Huey Magoo's Restaurants, LLC has appointed an agent for service of process.

There may also be additional agents appointed in some of the states listed below.

CALIFORNIA

California Commissioner of the
Department of Financial
Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344

HAWAII

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs,
Business Registration Division,
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS

Attorney General of the State of Illinois
500 South Second Street
Springfield, Illinois 62706

INDIANA

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204

MARYLAND

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Michigan Department of Commerce
Corporations and Securities Bureau
6586 Mercantile Way
Lansing, Michigan 48909

MINNESOTA

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198

NEW YORK

Secretary of State of the State of New York
99 Washington Avenue
Albany, New York 12231

NORTH DAKOTA

Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, 14th Floor, Dept. 414
Bismarck, North Dakota 58505-0510
701-328-4712

RHODE ISLAND

Director of Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, Rhode Island 02920

SOUTH DAKOTA

Department of Labor and Regulation
Division of Insurance
Securities Regulation
124 S Euclid, Suite 104
Pierre, South Dakota 57501

VIRGINIA

Clerk, Virginia State Corporation Commission
1300 East Main Street
Richmond, Virginia 23219
(804-371-9733)

WASHINGTON

Director of Financial Institutions
Department of Financial Institutions
150 Israel Rd. SW
Tumwater, WA 98501

WISCONSIN

Administrator, Division of Securities
Department of Financial Institutions
201 W. Washington Avenue – Third Fl.
Madison, Wisconsin 53703

EXHIBIT C TO FRANCHISE DISCLOSURE DOCUMENT

HUEY MAGOO'S FRANCHISE AGREEMENT



HUEY MAGOO'S RESTAURANTS, LLC

FRANCHISE AGREEMENT

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State Addenda to Franchise Agreement

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Exhibit B - Confidentiality and Noncompetition Agreement

Exhibit C - Guaranty of Franchisee's Obligations

Exhibit D - Business Entity/Owner Information

Exhibit E - Required Agreement Regarding Franchisee Lease

Exhibit F - Telephone Number and Directory Advertising Assignment Agreement

HUEY MAGOO'S FRANCHISE AGREEMENT

This Franchise Agreement (this "Agreement") is signed as of _____, between HUEY MAGOO'S RESTAURANTS, LLC, a Delaware limited liability company (the "Franchisor"), and _____ (the "Franchisee").

We have written this Agreement in plain English to make it easy to read and to help you become thoroughly familiar with all of the important rights and obligations that this Agreement covers before you sign it. In this Agreement, we refer to Huey Magoo's Restaurants, LLC, the Franchisor, as "we," "us" or "our." We refer to the Franchisee as "you" or "your." If you are a business entity, we refer to your owners as the "Franchise Owners" and individually as a "Franchise Owner".

Background

A. We have the rights to a unique proprietary business system (which we may improve, further develop, or otherwise modify from time to time) for a fast casual restaurant doing business under the trademark Huey Magoo's® Chicken Tenders (the "Huey Magoo's Restaurant" or the "Restaurant") that features chicken tenders, beverages, and unique food service and other products prepared according to specified recipes and procedures, some of which include proprietary spices, batter, sauces and mixes and services using certain standards and specifications; sources of supply; uniform standards; procedures for the management of the Restaurant and customer service; advertising and promotional materials and programs; assistance and training in the operation, management and promotion of the Restaurant; Manuals; and bookkeeping and accounting methods and procedures; all of which we may change, improve and further develop (collectively, the "Business System"). The Business System makes use of the trademark, service mark and fictitious business name "Huey Magoo's" and certain other trademarks, service marks, trade names, related emblems, designs, labels, trade dress, signs and symbols, copyrighted materials and other intellectual property (collectively, the "Proprietary Marks"), which we will designate as licensed to you in this Agreement, in our Manuals (as described below) and/or otherwise.

B. You recognize the benefits of owning and operating a Huey Magoo's Restaurant and desire to enter into this Agreement.

C. We have reviewed your application and have decided to award a Huey Magoo's Franchise to you evidenced by this Agreement.

D. As a franchise owner of a Huey Magoo's Restaurant, you agree to comply with this Agreement and all of our then-current standards, specifications, and requirements of the Business System, as updated by us from time to time.

Terms

The parties agree as follows:

We define all capitalized term, not elsewhere defined or identified herein, in ARTICLE 18 of this Agreement.

ARTICLE 1 - APPOINTMENT

Section 1.1 Grant of Franchise

We grant to you, subject to the terms of this Agreement, the right and you undertake the obligation, to operate a Huey Magoo's Restaurant under the Intellectual Property and Business System only at the location described in Section 1.2. You will have the option to operate an inline Restaurant that ranges from 1,800 to 3,000 sq. ft. (each an "Inline Restaurant"); a drive-thru/pick up Restaurant located in a free standing building ranging from 2,400 to 3,600 sq. ft. (each a "Drive-Thru/Pick-Up Restaurant") or (iii) an express Restaurant that ranges from 850 sq. ft. to 1,250 sq. ft. operated in locations such as malls, airports, food courts, stadiums, or any other site less than 1,800 square feet in size ("Express Restaurant"). Depending on the footprint of the Inline Restaurant, we may grant you the right to offer a drive-thru and/or pick-up window option.

Section 1.2 Location of Your Huey Magoo's Restaurant

(a) You agree that you will operate your Huey Magoo's Restaurant only at the location specified in Exhibit A to this Agreement (the "Restaurant Location").

(b) Our approval of the location is also subject to the landlord signing and delivering to us the Agreement Regarding Franchisee Lease attached to this Agreement as Exhibit E.

(c) You cannot change the location of the Restaurant Location without our written consent and your compliance with our relocation procedures and in compliance with Section 1.4 of this Agreement.

(d) You may engage in take-out from your Restaurant Location. You will be required to offer catering and delivery services and activities within the Limited Protected Territory. You cannot engage in catering and delivery services and activities outside the Limited Protected Territory, unless we authorize you in writing, as further provided in Subsection 4.12(e). You must provide any catering and delivery services in accordance with the terms of the Manuals and this Agreement. We retain the right to revise and/or make exceptions to these policies as they apply to you and other Franchisees.

(e) You will not advertise, market or otherwise solicit business outside your DMA by a toll- free number, catalog, direct mail, Internet, website or other advertising, marketing or solicitation method without our prior written consent.

Section 1.3 Limited Protected Territory

We grant you a Limited Protected Territory that we define in Section 18.1 and described on Exhibit A hereto. If we use both a written description and a map to define your Limited Protected Territory, you acknowledge and expressly agree that should there be a conflict between the written description and the map, the written description shall control. During the Initial Term, if you are not in default under this Agreement, we agree not to open a Company-Owned Restaurant within your Limited Protected Territory or franchise another Huey Magoo's Franchised Restaurant having a Restaurant location located within your Limited Protected Territory. We, our Affiliates and our other Franchisees will not engage in catering and first party delivery services, and other activities in the Limited Protected Territory. However, we expressly reserve the rights stated in Section 5.7 that are superior to your rights.

Section 1.4 Relocation of Your Huey Magoo's Restaurant

(a) **Loss of Lease.** If you lease the Restaurant Location and the lease expires or terminates (provided termination is not due to your default) before the expiration of this Agreement, we permit you 60 days in which to locate and secure new Restaurant Location within your Limited Protected Territory. The relocated Restaurant Location must not infringe upon the limited protected territory of a Company-Owned Restaurant or another Franchised Restaurant then operating or under development. You may not open a relocated Restaurant unless we approve the new location in writing in accordance with Section 2.1. During the period when your Huey Magoo's Restaurant is not in operation due to the relocation of the Restaurant Location, you are not required to spend the minimum Local Advertising expenditures, if any exists, but we may require that you engage in another Grand Opening Advertising Program, if any exists. You have 150 days from the date you sign a new lease in which to open and begin full operation of the Huey Magoo's Restaurant in compliance with this Agreement, unless we otherwise agree in writing to extend the time. Your failure to secure a new location and begin operation within the specified times is an Event of Default on your part.

(b) **Casualty.** If the Restaurant Location is substantially destroyed by fire or other casualty, we permit you 60 days in which to locate and lease new Restaurant Location within your Limited Protected Territory. The relocated Restaurant Location must not infringe upon the Limited Protected Territory of a Company-Owned Restaurant or another Franchised Restaurant then operating or under development. Our approval of the new location must be in writing in accordance with Section 2.1. During the period when your Huey Magoo's Restaurant is not in operation due to the relocation of the Restaurant Location, you are not required to spend the minimum Local Advertising contributions, if any exists, but you may have to engage in another Grand Opening Advertising Program, if any exists. You have 150 days from the date you sign the new lease in which to open and begin full operation of the Huey Magoo's Restaurant in compliance with this Agreement, unless we otherwise agree in writing to extend the time. Your failure to secure a new location and begin operation within the specified times is an Event of Default on your part.

(c) **Condemnation.** You will give us notice of any proposed taking of the Restaurant Location by eminent domain, as soon as possible. We permit you 60 days from the date you have to vacate the Restaurant Location in which to locate and lease new Restaurant Location within

your Limited Protected Territory. The relocated Restaurant Location must not infringe upon the Limited Protected Territory of a Company-Owned Restaurant or another Franchised Restaurant then operating or under development. Our approval of the new location must be in writing in accordance with Section 2.1. During the period when your Huey Magoo's Restaurant is not in operation due to the relocation of the Restaurant Location, you are not required to spend the minimum Local Advertising contributions, if any exists but you have to engage in another Grand Opening Advertising Program, if any exists. You have 150 days from the date you sign the new lease in which to open and begin full operation of the Huey Magoo's Restaurant in compliance with this Agreement, unless we otherwise agree in writing to extend the time. Your failure to secure a new location and begin operation within the specified times is an Event of Default on your part.

(d) **Relocation Fee.** If you must relocate your Huey Magoo's Restaurant for any of the foregoing reasons, you will reimburse us for our costs incurred in assisting you with the relocation, not to exceed \$2,500.

ARTICLE 2 - OUR DUTIES

We will provide you with the following initial and ongoing assistance and services, as long as you are not in default under this Agreement:

Section 2.1 Site Selection Assistance

You select the site for the Restaurant ("Restaurant Location") for your Restaurant. You are required to obtain our written approval of the proposed site for the Restaurant Location for your Huey Magoo's Restaurant before you sign a lease or begin any construction. You agree to use your best efforts to find an acceptable site within the geographical area described in Exhibit A (the "Site Selection Area"). The Site Selection Area may be defined using both a written description and/or a map. If we use both a written description and a map to define your Site Selection Area, you acknowledge and expressly agree that should there be a conflict between the map and the written description, the written description will control. The Site Selection Area will not determine the size or description of your Limited Protected Territory; it is only the geographical area within which you will have the right to look for a site for your Restaurant location. Within 90 days after signing this Agreement, you must find a site that we approve. We may require you to send to us all material information regarding the proposed site including: pictures of the site; population demographics within a 10-mile radius of the site; information regarding traffic counts and patterns; parking spaces; visibility from the roadways; the predominant character of the neighborhood; competitive businesses within the area; the nature of other businesses in proximity to the site; and the size, appearance and other physical characteristics of the site. We will not unreasonably withhold, delay or condition our approval of any site meeting our standards. We will review site approval submissions on a first-in basis. If we do not approve the site, you have 30 days in which to submit a new site for our written approval. If you fail to do so in a timely manner, we have the right to terminate this Agreement and retain an appropriate portion of the Initial Franchise Fee to cover our costs and expenses we have incurred for the assistance we have provided to you under this Agreement. **WE DO NOT REPRESENT THAT WE HAVE ANY SPECIAL EXPERTISE IN SELECTING SITES FOR THE OPERATION OF A HUEY MAGOO'S RESTAURANT. OUR APPROVAL OF A SITE IS NOT A REPRESENTATION OR**

WARRANTY THAT THE HUEY MAGOO'S RESTAURANT WILL BE PROFITABLE OR THAT YOUR SALES WILL ATTAIN ANY PREDETERMINED LEVELS. OUR APPROVAL IS ONLY OUR INDICATION THAT THE PROPOSED SITE MEETS OUR MINIMUM CRITERIA FOR IDENTIFYING SITES.

Section 2.2 Lease Assistance

If you intend to lease your Restaurant Location from a third party, the lease must provide that the effectiveness of the lease is conditioned upon your obtaining our written approval. Our approval will be given when the property owner, you and us sign our form of Agreement Regarding Franchisee Lease attached as Exhibit E to this Agreement. We recommend you submit the Agreement Regarding Franchisee Lease to the landlord at the beginning of your lease review and negotiation, although the terms of the Agreement Regarding Franchisee Lease may not be negotiated without our prior approval. If the landlord requires us to negotiate the Agreement Regarding Franchisee Lease, we reserve the right to request that you reimburse us for our actual costs associated with the negotiation. If you do not have an executed lease for an approved Restaurant location as of the Agreement Date, you must sign a lease for an Restaurant Location within 120 days after the Agreement Date. You must e-mail us a PDF copy of the signed Lease and Agreement Regarding Franchisee Lease within 5 days of its execution. **WE DO NOT REPRESENT THAT WE HAVE ANY SPECIAL EXPERTISE IN NEGOTIATING LEASES. YOU AGREE THAT OUR APPROVAL OR DISAPPROVAL OF A PROPOSED LEASE DOES NOT IMPOSE ANY LIABILITY ON US.**

Section 2.3 Plans and Specifications

We will send to you in PDF format our prototype containing certain specifications (which will not be site-specific and may include sample restaurant layouts and floor plans) for construction of the Restaurant Location concerning the design, decor, interior layout, fixtures, furnishings, equipment, signs and furnishings (collectively, the "Design Specifications"). The Design Specifications are intended solely for reference and cannot be shared or distributed without Our explicit prior written approval. You or your architect cannot adapt the Design Specifications for specific sites without Our prior written consent. The Design Specifications may vary in their design and decor by region of the country, at our sole discretion. You will be required to engage an approved architect and engineer to produce site-specific construction documents for your Huey Magoo's Restaurant, which must be submitted to us for our prior review and approval. You cannot use or distribute any previously approved site-specific construction documents for additional Huey Magoo's or other restaurants without our prior written consent. On or before the Opening Date, or at our earlier request, you must return these plans and specifications to us.

Section 2.4 Business Planning Assistance

You agree that we will only review and comment on any business plan and/or pro forma financial projections you prepare after you sign this Agreement because we make no financial performance representations to you to induce you to purchase this Franchise.

Section 2.5 Accounting, Cost Control, Portion Control and Inventory Control Systems

We will provide to you standardized accounting, cost control, portion control and inventory control systems which you must use.

Section 2.6 Lists, Forms and Schedules

We will loan to you either in hard copy form or as electronic files, the following for use in the operation of the Huey Magoo's Restaurant:

(a) A list of equipment, fixtures, furnishings, supplies, materials, inventory and other items necessary to open and operate your Huey Magoo's Restaurant ("Approved Supplies") and a list of Approved Suppliers;

(b) Specifications for business cards, stationary, reporting documents, and other business forms and materials we deem necessary for the operation of the Huey Magoo's Restaurant that you purchase from Approved Suppliers;

(c) Requirements regarding your establishment of daily, weekly and monthly reporting systems; bookkeeping procedures; and accounting procedures, which you must adopt and implement at the Huey Magoo's Restaurant.

These forms and schedules are contained in the Manuals. **WE DO NOT WARRANT THE COMPLETENESS, LEGALITY OR ENFORCEABILITY OF ANY AGREEMENTS OR FORMS WE PROVIDE TO YOU. YOU MUST RETAIN YOUR OWN LEGAL COUNSEL TO REVIEW AND REVISE THESE AGREEMENTS AND DOCUMENTS SO THEY COMPLY WITH ALL APPLICABLE FEDERAL AND STATE LAWS.**

Section 2.7 Employee Information and Assistance

We reserve the right to provide to you employee hiring information including pay scale guidelines and a standardized interviewing/selection system, which is described in the Manuals. No employee of yours is an employee of ours for any purpose whatsoever. You are solely responsible for the hiring, disciplining, supervising, promoting and firing of your employees and the establishment of their salaries as provided in Section 4.4.

Section 2.8 Training

(a) **Initial Training.** We provide Initial Training for any qualified individuals. We will only accept you into training when:

1. You have submitted the training application and enrollment documents for each person attending.
2. Supplied us with a ServSafe® certificate for each candidate.
3. All financing has been secured and supporting documents have been approved by Us.

4. Notice to proceed has been issued by us at least one week prior to the class starting.
5. You have provided us with written confirmation of the requirement that you or your Designated Representative who will attend training owns at least 5% of the franchise entity.

The training class runs 21 consecutive days with at least one day off per week (plus an additional 5 consecutive days for drive thru/pickup window training, if applicable) and must be completed within this time frame. Our classes will typically commence on the most convenient Monday that does not conflict with any national holiday and concludes three weeks later on that Saturday. Additional training for Drive-Thru/Pick-Up Restaurants will be scheduled prior to your opening when it is most convenient to do so. Trainees for the additional drive thru/pick up training must be the same trainees who complete the Initial Training class.

Your training requirements are governed by the terms set forth in the training manual which we may amend from time to time. You agree to comply with the training requirements as the same may be amended from time to time on a Network-wide basis. The training manual sets forth the detailed requirements for Express Restaurants, Inline Restaurants and Drive-Thru/Pick-Up Restaurants. You will be required to comply with these requirements based on the location to which this Agreement applies.

A minimum of four people for Drive-Thru/Pick-Up Restaurants and three people for Express Restaurants or Inline Restaurants must attend and successfully complete to our satisfaction the current training program before you will be issued an Opening Date for your Restaurant. These people must consist of you (or a Designated Representative) committed full time (a minimum of 40 hours a week) in the day-to-day operations of the Restaurant and 3 full time local managers for Drive-Thru/Pick-Up Restaurants or 2 full time local managers for Express Restaurants or Inline Restaurants. If you or the Designated Representative will not be committing to 40 hours a week in the day-to-day operations of the Restaurant, then an additional full time local manager must successfully complete the program along with you or the Designated Representative. After the first four persons, we have the right to charge \$500 per day fee for each additional trainee. In all cases, you are solely responsible for all salaries, compensation, benefits, travel and related expenses for trainees.

If you or the Designated Representative can exhibit, to our satisfaction, that their company has an established internal operations management structure designed to handle multi-restaurant operations, have currently operated at least 5 restaurants in the last 3 years, and the people solely responsible for operating those restaurants will be the people operating your Restaurant; we may in our sole judgment waive the Designated Representative's participation in the class and instead have one of these qualified individuals attend the Initial Training program on your or your Designated Representative's behalf, provided that you also send two (if operating an Express Restaurant or Inline Restaurant) or three (if operating a Drive-Thru/Pick-Up Restaurant) full time managers to attend and successfully complete the Initial Training Program.

Each Trainee must sign our form of Confidentiality Agreement as a condition of our approval.

(b) All Trainees must attend and successfully complete our Initial Training to our satisfaction. The Initial Training program includes instruction regarding restaurant development, food preparation, product purchasing and sources of supply, as well as instruction in marketing, promotion and advertising, merchandising techniques, sales techniques, customer service techniques and procedures for services. Training programs may differ in content and length for you and a Designated Representative, your Manager and your other employees depending upon their previous experiences and their responsibilities at your Huey Magoo's Restaurant. Failure of the Initial Training Program final exam by any trainee will result in the requirement of additional training and retesting by that trainee as needed until the trainee passes the final exam. Initial Training is included in the Initial Franchise Fee. You are responsible for all expenses of the Trainees attending Initial Training including all salary and/or compensation, benefits and expenses, including travel, lodging and meal expenses. If you elect to have more than 4 Trainees attend Initial Training, we will try to accommodate you, however, we reserve the right to charge you a training fee for each additional person (currently \$500 per day for each additional trainee) and you shall be solely responsible for all salary and/or compensation, benefits and expenses, including travel, lodging and meal expenses, for trainees.

In addition to the above, a minimum of 1 (for Express Restaurants or Inline Restaurants) or 2 (for Drive-Thru/Pick-Up Restaurants) shift manager(s) or team leader(s) will be required to pass a front of house ("FOH") and back of house ("BOH") short certification tests during the pre-support team visit prior to opening.

If, during the first six (6) months of operation of the Restaurant, you lose one or more trained or certified manager, you will be required to send an equal number of replacement manager to successfully complete the Initial Training program.

(c) **Failure to Complete Initial Training.** If you, your Designated Representative or any of your Managers cannot satisfactorily complete the Initial Training program, as we reasonably determine, we may: (i) postpone or delay the opening of your Restaurant until the required number of candidates (including you, your Designated Representative and/or your Managers) successfully complete the Initial Training program, which shall be at your expense; or (ii) elect to terminate this Agreement. Our right to fail or expel an attendee of the Initial Training program shall include without limitation, falsification of any documents, material misrepresentations, failure to be approved by our training application process, failure to complete the consecutive hours required of the Initial Training program, failure of any of the examinations, disruptive, disrespectful, or threatening behavior, or if such attendee is a hindrance to the training classes or training shifts. Any damages we experience due to an expulsion or failure will be charged back to you. If we elect to terminate this Agreement, we will retain an appropriate portion of the Initial Franchise Fee to cover our costs and expenses we have incurred for the assistance we have provided to you under this Agreement and for our lost opportunities.

Section 2.9 Loan of Manuals

We will loan to you one registered copy of the Manuals, in either digital or printed form. We authorize from time to time for operations and training.

Section 2.10 Pre-Opening Inspection

We will provide periodic on-site assistance and inspections of the construction site and building, and may evaluate the installation, specifications, and condition of the furniture, fixtures and/or equipment and will generally inspect the Restaurant Location. We will provide you with advice, as we deem appropriate, to ensure that you conform to applicable standards before the Opening Date.

Section 2.11 Pre-Opening On-Site Training

We will send a minimum of 2 trainers to the opening of your first two Restaurants for no less than 8 but not more than 14 days. We will require your health permit, Certificate of Occupancy and punch list to be submitted and signed off on by us no later than seven (7) days prior to your scheduled opening date. Our Trainers will confirm your opening punch list which will require your Restaurant to be completely ready for business prior to making travel arrangements. Our preopening team will visit your Restaurant to complete an initial assessment of the staff, confirm the minimum number of trainees are hired, that staff are properly being trained, and shift leaders have completed their training and are ready to test. We will also complete a walkthrough of your Restaurant to complete our preopening checklist and certify that the Restaurant is operationally ready. Once we have signed off on your preopening, we will set your Opening Date, release your main grocery order on the most convenient broadline timetable, and book our training team's travel to your Restaurant. The opening trainers will be there to assist you in training your staff, make sure all team members are following our established operating procedures and conduct your first training Quality Service and Cleanliness inspection ("QSC").

Section 2.12 Grand Opening Assistance

In addition to the on-site training that we provide at the time you open your first and second Restaurants for business, we will also provide you advice and guidance with regard to staffing, decoration, and the operation of your Huey Magoo's Restaurant during the grand opening period.

Section 2.13 Continued Assistance and Support

Upon the opening of your Huey Magoo's Restaurant, we may provide the following:

- (a) **Field Visits.** Assistance in the development and operation of your Huey Magoo's Restaurant, which may include periodic visits by one of our field representatives.
- (b) **Assistance by Telephone or E-Mail.** Informational assistance by telephone and e-mail including consultation on matters involving operations, promotion, and business methods.
- (c) **Website.** We have created a website (www.HueyMagoos.com) for use by us and our Franchisees in accordance with Section 7.4. We will list your Huey Magoo's Restaurant on the central webpage.
- (d) **Advertising Materials and Campaigns.** We generally promote the Huey Magoo's Restaurants through advertising and public relations campaigns and also make available

to you various advertising, marketing, and promotional materials for use in your DMA using the Advertising Contributions to the Advertising Fund.

- (e) **Local Advertising.** Advice on Local Advertising that you conduct in your DMA.
- (f) **Promotional Methods and Materials.** Promotional methods and materials that we develop.
- (g) **Radio and Television Commercials.** Although we do not require you to advertise on radio or television, we reserve the right to require you to reasonably advertise on radio or television. To the extent that we require you to do so, we will provide a preapproved radio script and camera-ready television commercials (not including airtime) for your use in your DMA. You may share costs of television and radio promotions with other Franchisees within your television or radio market.
- (h) **Periodic Assistance.** We may provide advisory assistance to you in the operation and promotion of the Huey Magoo's Restaurant, as we deem appropriate, at no additional cost, except as specifically set forth in this Agreement. Advisory assistance may include additional training and assistance, communication of new developments, improvements in equipment and supplies, and new techniques in advertising, service and management relevant to the operation of the Huey Magoo's Restaurant.
- (i) **Ongoing Training.** We may require you, the Designated Representative, the Manager, the assistant managers and other key employees of the Huey Magoo's Restaurant to attend, at your expense, ongoing training at our training facility, or at the Huey Magoo's Restaurant or another location we designate. In addition, we may develop and require you to purchase an in-restaurant training program. High volume training will be required for opening of your first Drive-Thru/Pick-Up Restaurant. You are solely responsible for all expenses associated with these programs including the then-prevailing standard training fee we charge for these programs (currently \$500 per day) and all travel, meals and lodging costs of your attendees.
- (j) **New Employee/Agent Training.** If you do not have at least 2 managers that have attended the Initial Training or a subsequent and equivalent training program conducted by us, new managers must attend and successfully complete our manager training program. As provided above, we must approve all Trainees. If you elect to have more than 4 Trainees attend the New Employee Training, we will try and accommodate you, however, we reserve the right to charge you a training fee for each additional person (currently \$500 per day) in addition to all reasonable expenses associated therewith.
- (k) **Special Assistance.** At your request and based on the availability of our staff, we may provide you with onsite non-routine guidance and assistance to address your unusual or unique operating problems at a cost to you of our reasonable per diem fees (currently \$500 per day), plus our out-of-pocket expenses.
- (l) **Research and Development.** We will continue to research and develop new Menu Items and services, introductions and techniques, as we deem appropriate in our sole discretion. We may conduct market research and testing to determine consumer trends and the salability of new Menu Items and services. You acknowledge that we may choose to offer certain products or

services that are not a normal part of the Business System to Franchisees for test marketing or other purposes. You agree that we may not make these products or services available to you. At our discretion we use resources such as our QSC audits to determine eligibility to be included in testing products for the System. To be eligible you must not have any categories in a red failing status. Additionally, you are required to have all required management on site certified by standards we set. If we choose you, and if you agree, you will participate in our market research programs, and in test marketing new products and services in the Huey Magoo's Restaurant. If you participate in any test marketing, you agree to purchase a reasonable quantity of the products or services tested and to effectively promote and make a good faith effort to sell them. You will provide us with timely reports and other relevant information regarding that market research. You may not undertake any research or development related to the System without our prior express approval.

Section 2.14 License of Intellectual Property

Subject to this Agreement, we license to you the right to use the Intellectual Property, including, but not limited to the Huey Magoo's trademarks referenced in the recitals above (as may be amended from time to time); provided that your right to use the Huey Magoo's trademarks is subject to their availability in your geographic area.

Section 2.15 License of the Huey Magoo's Software

We currently do not have proprietary software that we require you to license from us; however, we reserve such right to do so in the future and charge you a reasonable license fee.

Section 2.16 Our Temporary Operation of Your Huey Magoo's Restaurant

Upon the happening of any of the events described below, we have the right (but not the obligation) to enter your Restaurant Location and to operate and manage your Huey Magoo's Restaurant for up to 12 months for your (or your estate's) account until this Agreement is terminated, the assets are transferred to a party under Subsection 10.2(g), we purchase the assets, or until you resume control over your Huey Magoo's Restaurant and you operate the Huey Magoo's Restaurant in accordance with this Agreement.

(a) If you fail to keep your Huey Magoo's Restaurant open for business each Business Day.

(b) If you fail to operate your Huey Magoo's Restaurant for more than 5 consecutive Business Days or abandon the Restaurant Location without our prior written approval or due to Force Majeure.

(c) If you or the Franchise Owner dies or becomes permanently incapacitated, and the assets comprising the Huey Magoo's Restaurant or the ownership interests in the Franchisee, if a business entity, are not assigned promptly under Section 10.4.

(d) If you materially breach any of our standards and specifications for the operation of your Huey Magoo's Restaurant after we have given any required written notice and any applicable cure period has expired.

(e) If we elect to terminate this Agreement and we elect to purchase the assets comprising the Huey Magoo's Restaurant as provided in Section 12.4.

If we elect to operate your Huey Magoo's Restaurant, we will account to you or your estate for all net income from the operation less our reasonable expenses incurred and a management fee of \$500 per day for our management of your Huey Magoo's Restaurant. We will manage and operate your Restaurant for the period of time we (in our judgment) deem necessary, but not for more than 1 year. We will periodically discuss the status of our operation and management of the Restaurant with you or the representatives of your estate.

Section 2.17 Duties Solely to You

All of our obligations under this Agreement are owed only to you. No other person is entitled to rely on, enforce, or obtain relief for breach of the obligations directly or by subrogation.

Section 2.18 Our Reasonable Business Judgment

Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise reasonable business judgment in making our decision or exercising our rights. Our decisions or actions are deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the Business System generally even if the decision or action also promotes our financial or other individual interest. Examples of items that will promote or benefit the Business System include enhancing the value of the Trademarks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the Business System.

ARTICLE 3 - FEES AND PAYMENTS

Section 3.1 Types of Fees

In consideration of our signing this Agreement, you must pay to us the following fees all payable in United States currency at our principal office:

(a) **Initial Franchise Fee.** If you have entered into a Development Agreement with us and this is your first Franchise Agreement, you must pay to us an Initial Franchise Fee of \$35,000 payable at the same time you sign the Development Agreement. If this Agreement is not the first such Franchise Agreement, your initial Franchise Fee is the balance of your Franchise Fee as set forth in the Development Agreement and is due upon signing this Franchise Agreement which must occur at such time as you execute a lease for the Restaurant Location. If you own the site, then the Franchise Agreement must be signed at the time you apply for your permits.

If you are not a party to a Development Agreement with us, you must pay the Initial Franchise Fee of \$35,000 upon your execution of this Agreement. We fully earn the Initial Franchise Fee upon receipt. Except as otherwise provided in this Agreement, the Initial Franchise Fee is non-refundable upon signing this Agreement.

(b) **Royalty Fee.** You will pay a continuing weekly non-refundable royalty fee equal to 5% of Gross Revenues (“Royalty Fee”).

(c) **Advertising Contributions to Advertising Fund.** You must pay continuing monthly Advertising Contributions to the Advertising Fund in an amount equal to 2% of monthly Gross Revenues. We may increase the contribution to the Advertising Fund to 3% of monthly Gross Revenues when there are 500 restaurants in the Huey Magoo’s system. We have the sole right to enforce your obligations and the obligations of all other Franchisees that make Advertising Contributions. Neither you, nor any other Franchisee obligated to make Advertising Contributions, is a third party beneficiary of the funds nor has any right to enforce any obligation to contribute the funds. The Advertising Fund is not a separately incorporated entity, but all payments to the Advertising Fund are maintained in segregated accounts and the fees paid to the Advertising Fund are not used for any of our corporate purposes. We will account for all fees paid into the Advertising Fund on an annual basis. We reserve the right to form a separate Advertising Fund at such time as we deem appropriate.

(d) **Your Home Page.** We may, at our option, provide you with a customizable home page (“Your Home Page”) on our Website to promote the Huey Magoo’s Restaurant; however, we prohibit you from offering or selling products through the Internet. If we do so in the future, you will pay a separate fee to our marketing company for such service. You must adhere to the methods and procedures we provide for uploading content and managing Your Home Page. You must secure our written permission if you desire to link Your Home Page to other websites on the Internet. We have the sole right to modify, change, add to, or delete our domain, Website and Your Home Page. We maintain all rights of ownership in and to Your Home Page. We may discontinue making Your Home Page accessible to you upon 30 days’ written notice, or if you are in breach of the Franchise Agreement.

(e) **E-Mail Account.** You must maintain an e-mail account to receive e-mails. You will not be allowed to use the words Huey or Magoo’s or any variation of those words including hueymagoos.com in your email address. We have established reasonable standards for e-mail accounts and their use, which we may periodically revise. You will have reasonable time within which to upgrade when standards change. Standards will include a computer/tablet/phone capable of running the required software (e.g., E-Mail, PDF, Office) and containing reasonable minimums for memory and data storage and high-speed Internet capability. We may also require the device maintain access to high speed internet. You are responsible for all charges for the devices, programs and services. In order to stay informed on developments affecting the Huey Magoo’s System and your Huey Magoo’s Restaurant, you agree to check your e-mail on a regular basis. You must respond to any email that requires a response within 72 hours of your receipt of Our e-mail as to emails received from our corporate employees.

(f) **Transfer Fee.** If we permit you to transfer this Agreement pursuant to Subsection 10.2(g), you will pay us a Transfer Fee of \$17,500.

(g) If the transfer proceeds, the \$12,500 balance (or any adjusted balance amount) on the transfer fee is due to us before the closing of the transfer and the entire \$17,500 transfer fee becomes nonrefundable at that time. If the transfer is part of a simultaneous, multiple restaurant transfer, the transfer fee will be \$17,500 for the first Huey Magoo's Restaurant plus \$10,000 each for the 2nd through 10th Huey Magoo's Restaurant, with no additional transfer fee beyond the 10th Huey Magoo's Restaurant. If, however, our costs and expenses in reviewing and processing the transfer, including attorneys' fees, exceed the applicable transfer fee, then in addition to the transfer fee you agree to cover those additional costs and expenses (including our time). If the transferee is a wholly owned business entity, spouse or child of the transferor, or another Franchisee within the Network, we will not charge you the Transfer Fee, provided a Manager we previously approved and trained continues to operate the Franchise.

(h) **Successor Term Fee.** If you decide to obtain a Successor Franchise Agreement after the expiration of the Initial Term in accordance with Subsection 16.2(a), you must pay us a Successor Term Fee equal to 50% of our then-current Franchise Fee.

(i) **Our Attorneys' Fees.** If after the Franchise Agreement is signed by the parties: (i) you request our written consent to any action of yours and we consult our attorney; or (ii) we have our attorney prepare a letter, notice of default or notice of termination to you, then you agree to reimburse us for our reasonable attorneys' fees and costs under these circumstances.

(j) **Other Fees.** There are certain other fees, and reimbursement and indemnification obligations that are specified in this Agreement.

Section 3.2 Payment Schedule

You must compute and pay all amounts due and owing for Royalty Fees weekly on Tuesday of each week based on the prior week's Gross Revenues. Home Page Fees and Advertising Contributions, if any, are payable monthly. All other amounts due to us from you are payable as specified in this Agreement. If we do not specify a due date, these amounts are due upon receipt of an invoice from us. We reserve the right to change the reporting day for any amounts. You must certify the computation of the amounts in the manner and form we specify, and you must supply to us any supporting or supplementary materials as we reasonably require to verify the accuracy of remittances.

Section 3.3 Payment System

(a) You will open a separate operating account with a bank for the Huey Magoo's Restaurant. You will make all payments to us and our Affiliates by pre-authorized transfers from the operating account by electronic fund transfers that we process at the time any payment is due or by any other payment system that we designate (the "Payment System"). The Payment System must be in place within 15 days before the Opening Date. You agree to cooperate with us in maintaining the efficient operation of the Payment System including depositing all Gross Revenues you receive into your operating account within 1 Business Day of receipt.

(b) You will give your bank instructions in a form we approve and will obtain the bank's agreement to follow these instructions. You will provide us with copies of these instructions

and agreement. The bank's agreement may not be withdrawn or modified without our written approval. You will also sign all other forms for funds transfer as the bank or we or our bank may request.

(c) We may require that your bank send to us a monthly statement of all activity in the designated account at the same time the bank sends the statement to you. The bank must agree to send to us any other reports of the activity in the operating account, if we reasonably request.

(d) If you maintain any other bank accounts for your Huey Magoo's Restaurant, you must identify these accounts to us and provide to us copies of the monthly statements for all these accounts and the details of all deposits and withdrawals to them.

(e) You will pay all charges imposed by your bank. We will pay the charges imposed by our bank for the Payment System.

Section 3.4 Interest on Late Payments; Late Charge

Although each failure to pay monies when due is a breach of this Agreement, to encourage prompt payment and to cover our costs involved in processing late payments, if any payment under this Agreement or any other agreement between us or our Affiliates and you for your Huey Magoo's Restaurant is overdue for any reason, you must pay to us, on demand, in addition to the overdue amount, any insufficient funds (NSF) charges we incur and interest on the overdue amount from the date it was due until paid equal to the lesser of: (i) 18% per annum; or (ii) the maximum rate of interest permitted by law. You must also pay a late charge of \$150 for each overdue payment.

Section 3.5 Application of Payments

We have sole discretion to apply any payments you make to your past due indebtedness including Royalty Fees, Home Page Fees, Advertising Fund Contributions, purchases from us or our Affiliates, interest, NSF charges, or any other indebtedness of you to us or our Affiliates in any manner we choose regardless of your designation.

Section 3.6 No Withholding

You agree that your obligations to make payments under this Agreement and any other agreement entered into with us or our Affiliates for your Huey Magoo's Restaurant, and our rights and those of our Affiliates to receive these payments, are absolute and unconditional. All payments are not subject to any withholding, abatement, reduction, setoff, defense, counterclaim or recoupment due or alleged to be due to, or by reason of, any past, present or future claims that you have or may have against us, any of our Affiliates, any of our designees, or against any other person for any reason.

Section 3.7 Guaranty Agreement

You shall cause all Franchise Owners as of the date hereof to execute and deliver to us, concurrently with the execution of this Agreement, and all persons or entities that become Franchise Owners after the date hereof to promptly thereafter execute and deliver to us, the form

of Guaranty of Franchisee's Obligations ("Guaranty") attached hereto as Exhibit C. You also agree to update information on your Franchise Owners and your ownership information in the form attached as Exhibit D to this Agreement when new Owners and/or additional capital is made available to you.

ARTICLE 4 - YOUR DUTIES

Section 4.1 Acquisition of the Site

(a) **Site Approval.** You are solely responsible for selecting the site for the Huey Magoo's Restaurant, which is subject to our written approval. If you have not selected a site as of the Agreement Date, you must complete the acquisition or lease arrangements for the site of your Huey Magoo's Restaurant at the Restaurant Location within 90 days after the Agreement Date, and obtain our written approval under Section 2.1. We may require that you engage a real estate broker of your choosing, or, at our discretion, our approved broker, to advise and assist you in locating, selecting and negotiating the terms of the lease for the site. Any fee charged by our approved broker for this service is your responsibility. If we have not approved a site within 90 days after the Agreement Date, we have the right to terminate this Agreement. Upon our termination of this Agreement, we will retain 50% of the Initial Franchise Fee to cover our costs and expenses we have incurred for the assistance we have provided to you under this Agreement and for our lost opportunities. You will receive a refund of 50% of the Initial Franchise Fee you paid, provided that you execute our form of general release.

(b) **Lease of the Site.** We must approve any lease of the Restaurant Location. You must deliver a copy of the proposed lease to us at least 15 days before you sign it. You and the landlord must sign our form of Agreement Regarding Franchisee Lease, the form of which is included in Exhibit E to this agreement. Any lease will be subject to our advance written approval, which we will not unreasonably withhold or delay, provided, however, that we expressly reserve the right to disapprove any lease not accompanied by a rider embracing all of the provisions of Exhibit D. If we do not communicate our approval or disapproval of a proposed lease to you within twenty business days following our receipt of the proposed lease, then the lease will be considered and deemed to be disapproved. In any lease, you may not create any obligations or grant any rights against us or our affiliates or agree to any term, condition or covenant which is inconsistent with this Agreement or any related agreement. You acknowledge and agree that you are bound by and must timely perform all terms, conditions, covenants and obligations under the lease and that your failure to comply with the lease will constitute a material breach of this Agreement. You may not assign, transfer or encumber your lease or sublet all or any part of the Restaurant Location without our advance written approval.

(c) **Purchase of the Site.** If you intend to purchase the site, you must submit the purchase agreement to us for our written approval. You are solely responsible for securing any necessary purchase, construction, permanent or other financing of the site and the Restaurant Location. Once you have acquired ownership of the property and have completed the construction of the Restaurant Location, you will enter into with us the Agreement Regarding Franchisee Lease, both as landlord and as the Franchisee, in the form included in Exhibit E to this Agreement.

Section 4.2 Construction of Huey Magoo's Restaurant

(a) You must construct and equip the Huey Magoo's Restaurant in strict accordance with our current approved specifications and standards pertaining to equipment, inventory, signage, fixtures, furnishings, accessory features and design and layout of the building in which the Huey Magoo's Restaurant will be located. You may not start construction of the Huey Magoo's Restaurant until you have received our written consent to your building plans. If your Huey Magoo's Restaurant is not constructed according to the previously consented building plans with only minor variations in order to comply with governmental requirements and codes, or to address unforeseeable property conditions, we may not approve your Huey Magoo's Restaurant for opening. You will have 30 days from the date we deny our approval for opening your Huey Magoo's Restaurant to correct all the construction problems so that your Huey Magoo's Restaurant is constructed in accordance with the requirements set forth hereinabove. If you fail to correct the problems within the 30-day period, or if the correction is of a nature that requires more than 30 days, and you fail to commence such correction within the 30-day period and/or fail to diligently pursue such correction thereafter, we may immediately terminate this Agreement. If the Huey Magoo's Restaurant opening is delayed for the foregoing reasons, you will be responsible for any losses and costs related to such delay.

(b) Without limiting the generality of Subsection 4.2(a), you must promptly, after obtaining possession of the site for the Huey Magoo's Restaurant: (i) retain the services of an architect and engineer from our approved list of architects and engineers; (ii) retain the services of an approved general contractor; (iii) have prepared and submitted for our approval a site survey and basic architectural plans and specifications (not for construction) consistent with our general atmosphere, image, color scheme, Trade Dress, and ambience requirements as set forth from time to time in the Manuals (including requirements for dimensions, exterior design, materials, interior design and layout, equipment, fixtures, furniture, signs and decorating); (iv) purchase or lease and then, in the construction of the Huey Magoo's Restaurant, use only the approved building materials, equipment, fixtures, furniture and signs; (v) complete the construction and/or remodeling, equipment, fixtures, furniture and sign installation and decorating of the Huey Magoo's Restaurant in full and strict compliance with plans and specifications we approve and all applicable ordinances, building codes and permit requirements without any unauthorized alterations; (vi) obtain all customary contractors' sworn statements and partial and final waivers; (vii) obtain all necessary permits, licenses and architectural seals and comply with applicable legal requirements relating to the building, signs, equipment and premises, including the Americans With Disabilities Act; and (viii) obtain and maintain all required zoning changes, building, utility, health, sanitation and sign permits and licenses and any other required permits and licenses. We reserve the right to require you to retain the services of a company specialized in assisting restaurant operators during the construction process to assist you in submitting, processing, monitoring and obtaining in a timely manner all necessary construction documents, licenses and permits and to advise you throughout the construction of your Huey Magoo's Restaurant. It is your responsibility to comply with the foregoing conditions.

(c) You must use the prototype architectural drawings made available to you by us when working with your architect and general contractor. You, your affiliates or your Franchise Owners, or any person related to, or any entity controlled by your Franchise Owners may not be

your general contractor unless you have requested our approval and we have approved your request.

(d) Any change to the building plans or any replacement, reconstruction, addition or modification in the building, interior or exterior decor or image, equipment or signage of the Huey Magoo's Restaurant to be made after our consent is granted for initial plans, whether at the request of you or of us, must be made in accordance with specifications that have received our prior written consent. You may not commence such replacement, reconstruction, addition or modification until you have received our written consent to your revised plans.

(e) You must begin substantial construction (site work, utility infrastructure and building erection) of the Huey Magoo's Restaurant within 150 days after the date of your lease for the Restaurant Location, the date you close or the acquisition of your site if you are purchasing the site. We may require you to provide us weekly development and construction progress reports in the form we designate from the date you begin development until the date you open the Huey Magoo's Restaurant. For instance, you may be required to contact the designated project manager and provide construction manual checklists and digital photos during construction on a weekly basis. You agree that our representatives have the right to inspect the construction at all reasonable times. You agree that time is of the essence in constructing and opening your Huey Magoo's Restaurant.

(f) In addition, on or before the deadlines to start construction, you must submit to us signed copies of any loan documents and any other document that proves that you have secured adequate financing to complete the construction of the Huey Magoo's Restaurant by the date you are obligated to have the Huey Magoo's Restaurant open and in operation. If you fail to begin construction or to secure financing pursuant to this Section, we will have the right to terminate this Agreement without opportunity to cure.

Section 4.3 Computer and POS System and Other Technology Requirements

(a) Before the Opening Date, you must lease or purchase the required computer hardware, software, Internet connections and service, required dedicated telephone and power lines, e-mail service, point of sale system the ("POS System", remote helpdesk service, secure payment service, back office equipment, gift card system, mobile ordering systems, payment kiosks, kitchen display systems, PCI compliance hardware and software, credit card processor, credit card chip reader, food and labor cost management software, digital menu boards, security firewall and networks, network cabling, and other computer-related accessories, peripherals and equipment that we specify in the Manuals or otherwise including all future updates, supplements and modifications (the "Computer and Point of Sale System and Other Technology"). The POS System includes all hardware and software used in the operation of the Huey Magoo's Restaurant, including head set and wiring for drive-thru restaurants, electronic point-of-sale cash registers and back office programs used to record, analyze and report sales, labor, inventory and tax information. The computer software package developed for use in the Huey Magoo's Restaurant may include proprietary software. Although we do not, at present, have any proprietary software that you are required to license from us, we reserve the right to do so in the future. If we, an affiliate or a third party creates proprietary software, we will require you to license the proprietary software from us, the affiliate or the third party and you also may be required to pay a reasonable software licensing

or user fee in connection with your use of the proprietary software. All right, title and interest in the software will remain with the licensor of the software. The computer hardware component of the computer system must conform to specifications we develop. We reserve the right to designate a single source from whom you must purchase the computer system. We also reserve the right to adopt POS we feel may improve the existing POS and to require you to convert to such new POS.

(b) You will provide any assistance we require to bring your Computer and Point of Sale System and Other Technology (which includes the POS System) “on-line” with our Internet-based system at the earliest possible time and to maintain this connection as we require. You must have at the Huey Magoo’s Restaurant 24/7 Internet access with a form of high-speed connection. You must accurately, consistently and completely record, structure, capture and provide through the Computer and Point of Sale System and Other Technology all information concerning the operation of the franchised Restaurant that we require, in the form and at the intervals that we prescribe in our Manuals and otherwise. You acknowledge and agree that we have the right to retrieve all data and information from your POS System, as we deem necessary, desirable or appropriate. We maintain all rights to the customer data and financial information collected via the POS System and on our Website. The information includes customer data, financial data, customer demographic information, customer purchasing data, business and financial records and reports, and all other information that we designate in the Manuals or otherwise in writing.

(c) To ensure full operational efficiency and communication capability between your POS System and our Internet-based system, you will keep the POS System in good maintenance and repair and you are required to pay maintenance and support fees to the suppliers. You will install all additions, changes, modifications, substitutions and/or replacements to your POS System’s hardware and software (specifically including remaining compliant with the current “PCI” Security Standards Council standards to enhance payment card data security), and your telephone and power lines, that we specify, in our sole discretion, in the Manuals or otherwise on a Network-wide basis subject to the Capital Expenditure Limitation.

(d) You agree that computer systems are designed to accommodate a certain maximum amount of data and terminals and, as limits are achieved, and/or as technology and/or software is developed, we may require you to add memory, ports and other accessories and/or peripheral equipment and/or additional, new or substitute software to the original POS System. You understand that computer designs and functions change periodically. We may be required to make substantial modifications to our computer specifications. It may become necessary for you to replace or upgrade the entire POS System with a larger or different system capable of assuming and discharging all of those computer-related tasks and functions as we specify.

(e) Without limiting the amounts the we may require you to spend for the various items and services described above in this subsection 4.3, upon thirty (30) days written notice to you, you agree to begin paying us a Technology Fee equal to up to one percent (1%) of the Restaurant’s Gross Revenues. The Technology Fee is due and payable at the same time, in the same manner, and covering the same time period as the Royalty Fee, unless we otherwise specify. We will use the Technology Fee to fund the technology expenditures we deem best for the Business System, including, without limitation, mobile training and operational performance software, cloud-based franchise-management solutions, IT phone support and database maintenance, digital marketing, online ordering and loyalty subscriptions, mobile device management, and e-learning solutions.

(f) Upon termination or expiration of this Agreement, you will return to us all software, disks, tapes and other magnetic storage media we provided to you in good condition (reasonable wear and tear excepted). You will delete all software and applications from all memory and storage devices.

Section 4.4 Hiring, Training and Appearance of Employees

(a) You will maintain a competent, conscientious staff and employ the minimum number of employees necessary to meet the anticipated volume of business. In addition to you or your Designated Representative, you must have at least 3 (for Express Restaurants or Inline Restaurants) or 4 (for Drive-Thru/Pick-Up Restaurants) corporate certified trained managers at all times for your Huey Magoo's Restaurant. Depending on your location type we may require up to 6 managers. Under no circumstances may you permit management of the Huey Magoo's Restaurant's operations by a person who has not successfully completed to our reasonable satisfaction all applicable training we require. We will provide You with our specifications for uniforms for your employees that you purchase directly from our Approved Suppliers. You will take all steps necessary to ensure that your employees meet the employment criteria, keep a neat appearance and comply with any dress code that we impose. You are solely responsible for the terms of their employment and compensation and, except for training required under this Agreement, for the proper training of the employees in the operation of your Huey Magoo's Restaurant. You are solely responsible for all employment decisions and functions, including hiring, firing, establishing wage and hour requirements, disciplining, supervising, and record keeping.

(b) ServSafe®. You are also required to have a ServSafe®¹ certified manager on the Restaurant Location at all times during the hours of operation. ServSafe® is a food and beverage safety training and certificate program administered by the National Restaurant Association. The program is accredited by ANSI and the Conference for Food Protection. Certification verifies that a manager has adequate food safety knowledge to protect the public from foodborne illness. Managers that successfully pass the 90-question, multiple-choice exam receive a ServSafe® Manager Certification.

Section 4.5 Management of Your Huey Magoo's Restaurant

(a) You are solely liable and responsible for the operation of the Huey Magoo's Restaurant in accordance with the terms of this Agreement and the Manuals, regardless of whether you choose to operate the Huey Magoo's Restaurant as a full-time owner/operator or hire a Manager. You acknowledge that, if you choose to operate the Huey Magoo's Restaurant using a Manager, you may experience lower sales and/or higher costs than other Franchise Restaurants managed by owner/operators.

(b) If this Agreement is signed by 2 or more individuals or by a business entity, you agree to designate in Exhibit D one of the individuals or a Franchise Owner (who holds at least a 5% equity ownership in the franchisee entity, as documented in writing) as the Designated

¹ ServSafe® is a registered trademark of the National Restaurant Association Education Foundation.

Representative that has the authority to, and does in fact, actively direct the operation of the Huey Magoo's Restaurant and has authority to sign on your behalf on all contracts and commercial documents. We have the right to rely solely on instructions of the Designated Representative concerning the operation of the Huey Magoo's Restaurant until we receive a duly signed written notice changing the Designated Representative.

(c) The Manager must devote his or her full time and attention, and best efforts to the on-premises general management and the day-to-day operations of the Huey Magoo's Restaurant, and must satisfy our training requirements. You must appoint the Manager at least 60 days before the Huey Magoo's Restaurant opens and the Manager must successfully complete our Initial Training program at least 20 days before the Huey Magoo's Restaurant opens.

(d) If the Manager fails to satisfy his or her obligations provided in Subsection 4.5(c) due to death, disability, termination of employment or for any other reason, you will satisfy these obligations until you designate a new Manager acceptable to us who has successfully completed Initial Training. All replacement Managers must complete training to our satisfaction, and must begin training within 6 weeks of the time of hire. You are solely responsible for the expenses associated with Initial Training, including the then-prevailing standard training fee we charge (currently \$500 per day).

Section 4.6 Approved Specifications and Sources of Supply

(a) **Purchases from Us or Our Affiliates.** You must purchase from us or our affiliates Proprietary Products and other items that we require if implemented on a Network-wide basis. We will charge you the same price that we charge all Franchised Restaurants, which will be competitive or in line with similar industry items and recipe products. You will submit payment for orders and pay all shipping, handling and insurance costs to us in the manner and in accordance with the price schedule we provide, which we may amend in our sole discretion. You agree to pay us for all orders in accordance with our then-current payment terms and policies. Your orders are subject to our acceptance and we reserve the right to wholly or partially accept or reject any order placed by you. We reserve the right to: (i) deny or limit the amount of credit we will extend to you; (ii) suspend shipments; (iii) make shipments only after all prior orders shipped to you have been paid in full; or (iv) make shipments on a cash in advance, on a C.O.D. basis, or on any other terms which we deem appropriate.

(b) **Purchases from Designated Suppliers.** You must purchase certain products or services solely from third party suppliers that we designate from time to time and from no other suppliers.

(c) **Approved Supplies and Suppliers.** You must purchase or lease certain specified products, services, inventory, equipment, fixtures, furnishings, signs, advertising materials, trademarked items and novelties, and other items or services (collectively, "Approved Supplies") in connection with the design, construction, equipping and operating of the Huey Magoo's Restaurant. Although we do not do so for every item, we have the right to approve the manufacturer, distributor and/or supplier of Approved Supplies. We provide you with a list of Approved Suppliers and a list of Approved Supplies, each of which is included in the Manuals. We reserve the right to amend both the list of Approved Suppliers and Approved Supplies. The

Approved Suppliers have demonstrated: (i) the ability to meet our standards and specifications for the specified items; (ii) possess adequate quality controls and the capacity to supply your needs promptly and reliably; and (iii) must have the ability to provide the product and/or service, on a national basis, to at least 80% of the then existing Huey Magoo's Restaurants. We will use our best reasonable efforts to negotiate agreements with suppliers that are in the best interest of all Huey Magoo's Restaurants. We retain the right to receive compensation from these Approved Suppliers for our negotiation. Without limiting the generality of the foregoing, we and/or our affiliates may derive revenue - - in the form of promotional allowances, volume discounts, commissions, other discounts, performance payments, signing bonuses, rebates, marketing and advertising allowances, free products, and other economic benefits and payments - - from suppliers that we designate, approve, or recommend for some or all Huey Magoo's Restaurants on account of those suppliers' prospective or actual dealings with your Restaurant and other Huey Magoo's Restaurants. That revenue may or may not be related to services we or our affiliates perform. All amounts received from suppliers, whether or not based on your or other franchisees' purchases from those suppliers, will be our and our affiliates' exclusive property, which we and our affiliates may retain and use without restriction for any purposes we and our affiliates deem appropriate. Any products or services that we or our affiliates sell you directly may be sold to you at prices exceeding our and their costs.

In approving suppliers for the Business System, we may take into consideration factors like the price and quality of the products or services and the supplier's reliability. We may concentrate purchases with 1 or more suppliers to obtain the lowest prices and/or the best advertising support and/or services for any group of Franchised Restaurants or Company-Owned Restaurants. Approval of a supplier may be conditioned on requirements on the frequency of delivery, standards of service, warranty policies including prompt attention to complaints, and concentration of purchases, as stated above, and may be temporary, pending our additional evaluation of the supplier. All other inventory, products, materials and other items and supplies used in the operation of the Huey Magoo's Restaurant that are not included in the list of Approved Supplies or list of Approved Suppliers must conform to the specifications and standards we establish from time to time. **ALTHOUGH APPROVED OR DESIGNATED BY US, WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO SERVICES, PRODUCTS, EQUIPMENT (INCLUDING, WITHOUT LIMITATION, ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS IN ADDITION, WE DISCLAIM ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE SERVICES RENDERED OR PRODUCTS FURNISHED BY ANY SUPPLIER APPROVED OR DESIGNATED BY US. OUR APPROVAL OR CONSENT TO ANY SERVICES, GOODS, SUPPLIERS, OR ANY OTHER INDIVIDUAL, ENTITY OR ANY ITEM DOES NOT CREATE ANY LIABILITY TO US.**

(d) **Approval of New Specifications and Suppliers**. If you propose to purchase or lease any equipment, supplies, inventory, advertising materials, Architectural, Engineering, Design or construction services as outlined in Section 4.2, or other products or services that are not proprietary to us or an Affiliate from an unapproved supplier, you must submit to us a written request for approval, or request that the supplier do so itself. We have the right to require, as a condition of our approval, that the supplier permit our representatives to inspect its facilities. If

we request, the supplier will deliver samples to us or to our designated independent, certified laboratory for testing. We are not liable for damage to any sample that may result from the testing process. You will pay a charge not to exceed the reasonable cost of the inspection and the actual cost of the testing (not to exceed \$1,000). We may also require as a condition to our approval, that the supplier present satisfactory evidence of insurance (e.g., product liability insurance) protecting our Franchisees and us from all claims from the use of the item within the Business System. We will give you written notice of our approval or disapproval within 10 days after all testing and completion of the above conditions. We reserve the right to re-inspect the facilities and products of any approved supplier and continue to sample the products at the supplier's expense. We reserve the right to revoke approval upon the supplier's failure to continue to meet our standards and specifications.

Section 4.7 Recipes

We have developed certain Recipes and continue to develop for use in the Business System certain additional Recipes and revisions to existing Recipes. You agree that our Recipes are all highly confidential and are our trade secrets. Due to the importance of quality control and uniformity of our approved products, ingredients and supplies and the significance of the Recipes to the Business System, it is to the mutual benefit of the parties that we closely control the production and distribution of the approved products, ingredients and supplies used with the Recipes. Accordingly, you will use the Recipes and will purchase from us or from Approved Suppliers, all of the products, ingredients and supplies to be used for the Recipes, all in accordance with our requirements then in effect.

Section 4.8 Secret Recipe Products

You agree that we have already developed the Secret Recipe Products and may continue to develop for use in the Business System certain additional products that are all highly confidential, secret recipes and trade secrets. Due to the importance of quality control and uniformity of these products and the significance of the proprietary products to the Business System, it is to the mutual benefit of the parties that we closely control the production and distribution of the Secret Recipe Products. Accordingly, you will use the Secret Recipe Products and will purchase from us or from a Designated Supplier or Approved Suppliers all of your supplies of the Secret Recipe Products, all in accordance with our requirements then in effect. **EXCEPT AS WE STATE IN WRITING, WE DO NOT MAKE ANY EXPRESS OR IMPLIED WARRANTIES ON THESE PRODUCTS, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. OUR EXCLUSIVE LIABILITY FOR ANY WARRANTIES EXTENDED AS PROVIDED IN THIS AGREEMENT IS TO REPLACE ANY OF THE SECRET RECIPE PRODUCTS WE SOLD TO YOU THAT DO NOT COMPLY WITH THIS WARRANTY. UNDER NO CIRCUMSTANCES WILL OUR LIABILITY EXCEED THE DOLLAR AMOUNT OF THE PURCHASE PRICE YOU PAID FOR ANY SECRET RECIPE PRODUCTS NOT IN COMPLIANCE WITH THIS WARRANTY. WE WILL NOT BE LIABLE TO ANY PARTY, INCLUDING YOU AND YOUR CUSTOMERS, FOR ANY TORT DAMAGES OR INDIRECT, SPECIAL, GENERAL OR CONSEQUENTIAL DAMAGES, INCLUDING LOSS OF PROFITS OR ANTICIPATED PROFITS AND LOSS OF GOODWILL, FROM THE USE OF (OR INABILITY TO USE) THE SECRET RECIPE**

PRODUCTS FOR ANY PURPOSE.

Section 4.9 Credit Cards and Other Methods of Payment

You will establish and maintain merchant account services in order to accept VISA, MasterCard, American Express and all other credit and debit card issuers or sponsors, check verification services, financial center services, and electronic fund transfer systems as we designate in order that you may accept customers' credit and debit cards, checks, and other methods of payment. We reserve the right to require the addition or deletion of credit card relationships and other methods of payment if implemented on a Network-wide basis. You will comply with all our credit card policies for a customer's use of a credit card as stated in the Manuals.

Section 4.10 Telephones, Fax and Answering Service

You will maintain:

- (a) A sufficient number of operating telephone lines, fax lines and telephone numbers to be used exclusively for the operation of your Huey Magoo's Restaurant that we reasonably require, with sufficient staff to handle telephone calls in an efficient and courteous manner at all times during normal business hours; and
- (b) An answering service or voice mail system after normal business hours.

Section 4.11 Opening of Huey Magoo's Restaurant

(a) **No Opening Without Our Consent.** You agree not to open your Huey Magoo's Restaurant for business before we have given you our written consent. If you open your Huey Magoo's Restaurant before we have given our written consent, you must cease operating and you must pay us liquidated damages of \$500 per day for each day you were open.

(b) **Conditions to Opening.** We will give our written consent when: (a) all your obligations under Sections 4.1 through 4.10 and under the Manuals have been fulfilled; (b) we determine that your Huey Magoo's Restaurant has been constructed, furnished, equipped, and decorated in accordance with approved plans and specifications and we have signed off on the punch list and Opening Date; (c) the training of the minimum required Trainees has been completed to our reasonable satisfaction; (d) the Initial Franchise Fee and all amounts due to us and our Affiliates under this Agreement have been paid in full; (e) we have been furnished with certificates of insurance and copies of all insurance policies or all other evidence of insurance coverage as we reasonably request; (f) you have obtained a certificate of occupancy for your Restaurant Location; (g) you have obtained all necessary licenses and permits to operate your Huey Magoo's Restaurant; (h) you have obtained a final health permit for your Huey Magoo's Restaurant; and (i) you have completed at least 4 to 5 days of employee training at the Restaurant prior to the arrival of the on-site opening trainers. You will comply with these conditions and be prepared to open your Huey Magoo's Restaurant for business within 12 months after the Agreement Date. If you fail to open your Huey Magoo's Restaurant within 12 months after the Agreement Date, we have the right to terminate this Agreement and retain the Initial Franchise

Fee to cover our costs and expenses for the assistance we have provided to you under this Agreement.

(c) **Costs to Open.** Within 90 days after you open your Huey Magoo's Restaurant, you will prepare and provide us with a complete and detailed written breakdown of all costs incurred in the development of your Huey Magoo's Restaurant.

Section 4.12 Operational Requirements

You agree to operate the Huey Magoo's Restaurant in conformity with all uniform methods, standards and specifications as we reasonably require in the Manuals or otherwise, as updated in our sole business decision from time to time, to ensure that the highest degree of quality and service is uniformly maintained.

(a) **Use of Restaurant Location.** You must use your Restaurant Location only for the operation of your Huey Magoo's Restaurant, unless we otherwise approve in writing.

(b) **Use of POS System.** You must record all Gross Revenues on the approved POS System.

(c) **Approved Menu; Menu Boards.** You will confine the operation of your Huey Magoo's Restaurant to the preparation and sale of the Menu Items and other food and beverage products as we designate and approve in writing from time to time for sale by your Huey Magoo's Restaurant. You must offer for sale from the Huey Magoo's Restaurant all items and only those items listed as Menu Items and other approved food and beverage products. You must offer the full Approved Menu during all hours of operation. We have the right to make modifications to these Menu Items from time to time, and you agree to comply with any modifications. You may not offer or sell any other product or service at the Huey Magoo's Restaurant without our prior written consent. You must use menu boards and the Approved Menu that comply with our specifications for materials, finish, style, pattern and design.

(d) **Authorized Products and Ingredients.** You must use in the operation of the Huey Magoo's Restaurant and in the preparation of Menu Items and other food and beverage products only the proprietary sauces and mixes and other proprietary and non-proprietary Secret Recipe Products ingredients, Recipes, formulas, cooking techniques and processes and supplies, and must prepare and serve Menu Items and products in such portions, sizes, appearance, taste and packaging, all as we specify in our most current product preparation materials. All supplies, including containers, cups, plates, wrapping, eating utensils, and napkins, and all other customer service materials of all descriptions and types must meet our standards of uniformity and quality. You acknowledge that the Huey Magoo's Restaurant must at all times maintain an inventory of ingredients, food and beverage products and other products, material and supplies that will permit operation of the Huey Magoo's Restaurant at maximum capacity.

(e) **Catering and Delivery Services.** You are required to offer catering and delivery services and activities within your Limited Protected Territory. You may not engage in catering and delivery services and activities outside of your Limited Protected Territory, unless we authorize you in writing. You must charge the same price for Menu Items and other products

offered by the Huey Magoo's Restaurant whether delivered, catered by, or sold in the Huey Magoo's Restaurant but you may charge additional catering and delivery fees as necessary and appropriate. All income from catering or delivery services must be included in Gross Revenues for purposes of your Royalty Fee and Advertising Fee. You must provide catering and delivery services in accordance with our written standards. We retain the right to revise and/or make exceptions to these policies as they apply to you and other Franchisees.

(f) **Vending Services.** If you install or maintain on the Restaurant Location any newspaper racks, video games, jukeboxes, gum machines, games, rides, vending machines, or other similar devices that do not meet with our approval, you must remove them within 3 days from receiving our written notice. Pool tables, cigarette vending machines, gambling and gaming machines or games of chance are not allowed without our prior written approval. Any income from vending services in the Huey Magoo's Restaurant or on its Restaurant Location, regardless of which person or entity collects the money, and regardless of whether we authorized you to install them, must be included in Gross Revenues for purposes of your Royalty Fee and Advertising Fee. Upon our written approval, the money derived from services provided by charitable organizations or services that are for customer convenience, such as pay phones or cash machines, are not included in the definition of Gross Revenues.

(g) **Inventory Control.** You will maintain in sufficient supply (as we may reasonably require in the Manuals or otherwise in writing) and use at all times, only inventory, equipment, materials, advertising methods and formats, and supplies that conform with our standards and specifications, if any, at all times sufficient to meet the anticipated volume of business, and to refrain from deviating from these requirements without our written consent. We recommend that you undertake a weekly inventory to ensure that you receive accurate deliveries of chicken tenders. Each full forty (40) pound case should be counted and the count reported to us. You should perform the count for at least one case per week.

(h) **Standards of Conduct.** You will adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct in all dealings with customers, suppliers, employees, independent contractors, us and the public.

(i) **Payment of Debts.** You agree to pay promptly when due: (i) all payments, obligations, assessments and taxes due and payable to us and our Affiliates, vendors, suppliers, lessors, federal, state or local governments, or creditors arising from or related to your Huey Magoo's Restaurant; (ii) all liens and encumbrances of every kind and character created or placed upon or against any of the property used in connection with the Huey Magoo's Restaurant; and (iii) all accounts and other indebtedness of every kind incurred by you in the conduct of the Huey Magoo's Restaurant. If you default in making any such payment, we are authorized, but not required, to pay the same on your behalf and you agree promptly to reimburse us on demand for any such payment.

(j) **Customer Complaints.** You must respond to a written complaint from a customer within 2 days of receipt and send us a copy of the complaint and your written response. We may, but without having any responsibility to do so, direct you in resolving the complaint and you agree to work diligently with us in resolving the matter.

(k) **Gift Card Program.** You must use and honor only system-wide gift cards, certificates, vouchers and checks that we designate and you must obtain all certificates, cards or checks from an approved supplier. You must utilize a vendor approved by us for gift card processing. You must sign the forms and take any other action required in order for you to participate in such programs. You may not offer any coupon without our prior written approval.

(l) **Serving and Promotional Items.** All sales promotion material, customer goodwill items, cartons, containers, wrappers and paper goods, eating and serving utensils and other items, and customer convenience items used in the sales promotion, sale and distribution of products covered by this Agreement are subject to our approval and must, where practicable, contain one or more of the Trademarks. We may require you to carry and offer for sale in the Huey Magoo's Restaurant a representative supply of approved trademarked clothing and other novelty items, including special promotional items that we develop and market from time to time.

(m) **Period of Operation.** Subject to any contrary requirements of local law, your Huey Magoo's Restaurant must be opened to the public and operated with the full Authorized Menu each Business Day, although you have the option to close your Huey Magoo's Restaurant, with prior notification to us, 5 designated holidays per year, although never 2 consecutive days (with the exception of Christmas Eve and Christmas Day). We must authorize in writing any variance from this provision. You acknowledge and agree that if your Huey Magoo's Restaurant is closed for a period of 2 consecutive days or 5 or more unapproved days in any 12-month period without our prior written consent, such closure constitutes your voluntary abandonment of the Franchise and the Huey Magoo's Restaurant, unless the closure was due to Force Majeure as provided in Section 19.12.

(n) **Suggested Pricing Policies.** We may make suggestions to you with regard to your pricing policies. Notwithstanding any suggestions, you have the sole and exclusive right as to the minimum prices you charge for the Menu Items offered at the Huey Magoo's Restaurant. We retain the right to establish maximum prices to be charged by you for sales promotions. Any list or schedule of prices we furnish to you are recommendations only and failure to accept or implement any such suggestion will not in any way affect the relationship between you and us, unless otherwise specifically stated as a maximum price.

(o) **Social Media Policies.** You are required to adhere to our social media policies as set forth in the Manuals or otherwise provided to you by us. You will post internal signage advising employees of the policies regarding social media posts and will include the following in your employee handbook: Employees are specifically prohibited from posting on any social media platform (e.g. Tik Tok, Instagram, Facebook, etc.) any images of themselves, any other employee or any persons while wearing and visible, any article of clothing with the Huey Magoo's logo and/or meme. Furthermore, no photographs, videos or other media taken of the Huey Magoo's restaurant may be posted on social media without our prior consent.

Section 4.13 Compliance with Laws, Rules and Regulations

You will comply with all federal, state, and local laws, rules, regulations, codes and ordinances. You will timely obtain, maintain and renew when required all permits, certificates and licenses necessary for the proper conduct of your Huey Magoo's Restaurant under this

Agreement. These include anti-terrorism laws, qualification to do business, fictitious, trade or assumed name registration, building and construction permits, occupational licenses, sales tax permits, health and sanitation permits and ratings, fire clearances, hazardous waste and other environmental permits. You acknowledge that: (i) federal, state and local governments administer and enforce regulations that include standards, specifications and requirements for the construction and maintenance of your Restaurant Location; fire safety, general emergency procedures, and customer/employee safety regulations; and, specifications and requirements that govern food preparation and health and restaurant sanitary conditions; (ii) OSHA and health regulations as well as state and local safety and workplace regulations may impact the types of safety training, safety devices, and safety equipment you must make available to or must offer your employees; (iii) the U.S. Food & Drug Administration, the U.S. Department of Agriculture, and state and local health departments administer and enforce regulations related to the storage and disposal of waste, cleaning supplies, and other hazardous materials; (iv) the Federal Clean Air Act and various state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particles; and (v) certain state and local governments have also adopted proposals that regulate indoor air quality, including no smoking policies. You will comply with all of these laws and regulations and all other applicable laws and regulations relating to the operation of the Huey Magoo's Restaurant.

Section 4.14 Crisis Situation

If any employee, guest or customer of the Restaurant has actually or allegedly been harmed by, or may become harmed by, food spoilage or food poisoning from food of the Restaurant, the tampering or sabotage of food of the Restaurant, a serious accident on the Restaurant Location, a robbery or shooting on the Restaurant Location, a natural disaster (ex: disease outbreak, tornado, hurricane or earthquake) affecting the Restaurant, or any other similar type of situation that may attract media attention or damage the Proprietary Marks, the System, the goodwill or reputation of the Franchisor, or the reputation of any franchisee ("Crisis Situation") you shall immediately: (1) contact all appropriate and necessary emergency care providers to assist in curing the harm or injury; and (2) notify Franchisor of the Crisis Situation. Except as may be necessary to protect persons and property from harm, you shall refrain from making any internal or external announcements regarding the Crisis Situation, including any communication with the news media, unless otherwise directed by Franchisor or public authorities.

To the extent Franchisor deems appropriate, in its sole discretion, Franchisor or its designee shall have the right, but not the obligation, to control the manner in which the Crisis Situation is handled including, without limitation, control over communication with news media and control over the decision to temporarily close the Restaurant. You acknowledge that in handling the Crisis Situation, Franchisor or its designee may engage the services of public relations firms, attorneys, experts, testing laboratories and other third parties as it deems appropriate, and you must reimburse Franchisor for all such costs to the extent the same arise at your Restaurant as opposed to the System generally.

Franchisee and its employees must cooperate fully with Franchisor or its designee in handling the Crisis Situation and shall comply with any and all Crisis Situation procedures that may be developed by Franchisor in the Manual or otherwise.

The indemnification obligations Section 14.2 shall include all losses and expenses incurred by Franchisor in connection with the exercise by Franchisor, or its designee, of the Crisis Situation management rights granted to Franchisor, in this Section 4.14. At any time during or following a Crisis Situation, and in Franchisor's sole discretion, Franchisor may assign any of its previously assumed management activities to you.

Section 4.15 Maintenance and Repairs

(a) **Ongoing Maintenance.** The building, equipment, fixtures, furnishings, signage and Trade Dress (including the interior and exterior appearance) employed in the operation of your Huey Magoo's Restaurant must be maintained in the highest degree of sanitation, repair, appearance, condition and security and refreshed in accordance with our requirements established periodically and any of our reasonable schedules prepared based upon periodic evaluations of the Restaurant Location by our representatives. Within a period of 30-45 days (as we determine depending on the work needed) after the receipt of any particular report prepared following an evaluation, you must effect the items of maintenance we designate, including the repair of defective items and/or the replacement of irreparable or obsolete items of equipment and interior signage, subject to the Capital Expenditure Limitation. If, however, any condition presents a threat to customers or public health or safety, you must immediately cure the condition regardless of cost, as further described in this Agreement. The items of maintenance generally result from common wear and tear over a period of time, accidents or lack of care. Examples include repairing or replacing HVAC equipment, plumbing and electrical systems that are not functioning properly; repairing a leaking roof; repairing or replacing broken equipment; refreshing general appearance items such as paint (interior and exterior) and landscaping; replacing worn flooring, furniture and other furnishings; and conducting routine maintenance of areas that affect the appearance of the Huey Magoo's Restaurant and goodwill of the Trademarks such as the appearance of the outdoor signage, the parking lot and dumpster area.

(b) **Additional or Replacement Equipment.** If we determine additional or replacement equipment is required on a Network-wide basis because of a change in Menu Items or method of preparation and service, a change in technology, a change in services, customer concerns or health or safety considerations, you will install the additional equipment or replacement equipment within the time we specify, subject to the Capital Expenditure Limitation.

(c) **Maintenance Contracts.** If your Restaurant is free-standing, you must maintain contracts with third parties for the maintenance of the Restaurant Location, the equipment and the landscaped areas. These contracts must provide for the performance of services, including preventative maintenance services, and be with financially responsible firms that: (i) maintain adequate insurance and bonding; (ii) have personnel who are factory trained to service equipment of the type in the Restaurant Location; and (iii) maintain an adequate supply of parts for the equipment. You will provide us with a copy of any contract for maintenance that you enter into with any outside maintenance firm if we request.

(d) **Signage.** The outdoor signage at your Huey Magoo's Restaurant must comply with our then-current specifications, which we may modify and change from time to time due to modifications to the Business System, including changes to the Trademarks. You must make such

changes to the outdoor signage as we require, but not more frequently than once every 5 years. Any upgrades to the type or size of your outdoor signage will be at your expense.

Section 4.16 Tax Payments; Contested Assessments

You will promptly pay when due all taxes required by any federal, state or local tax authority including unemployment taxes, withholding taxes, sales taxes, use taxes, income taxes, tangible commercial personal property taxes, real estate taxes, intangible taxes and all other indebtedness you incur in the conduct of your Huey Magoo's Restaurant. You will pay to us an amount equal to any sales tax, goods and services tax, gross receipts tax, or similar tax imposed on us for any payments you make to us, unless the tax is based on our net income or our corporate status in a state. If we pay any tax on your behalf, you will promptly reimburse us the amount paid. If there is any bona fide dispute as to liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law. However, you will not permit a tax sale or seizure by levy or execution or similar writ or warrant, or attachment by a creditor, to occur against the Restaurant Location or any assets used in your Huey Magoo's Restaurant.

Section 4.17 Customer Surveys; Customer List

You will present to customers any evaluation forms we require and will participate and/or request your customers to participate in any marketing surveys performed by or for us. You will maintain a current customer list of those customers to whom you provide catering services containing each customer's name, address, telephone number and e-mail address, and supply a copy of the list to us on a quarterly basis. You must participate in any reasonable process we develop to record all customer information. You retain ownership of your customer lists. We will not use your customer list in any activity adverse to, or in competition with, you.

Section 4.18 Inspections and Evaluations

(a) **Periodic Inspections.** You will permit our representatives to enter your Huey Magoo's Restaurant at all reasonable times during the Business Day for the purpose of making periodic evaluations and to ascertain if the provisions of this Agreement are being observed by you. We have the right to inspect and evaluate your building, land and equipment, and to test, sample, inspect and evaluate your supplies, ingredients and products, as well as the storage, preparation and formulation and the conditions of sanitation and cleanliness in the storage, production, handling and serving. We will perform an inspection in a manner that minimizes interference with the operation of your Huey Magoo's Restaurant. You will cooperate fully with our representatives in the inspection. You will render assistance as they may reasonably request. You will permit them to observe how you are selling the products and rendering the services, to monitor sales volume, to conduct a physical inventory, to confer with your employees and customers and to remove samples of any products, supplies and materials in amounts reasonably necessary for inspection at our office and record keeping. We may videotape the inspection.

(b) **Mystery Shoppers.** Our inspections and evaluations may include a "mystery shopper" program from time to time throughout the term of this Agreement. We may, at our option, hire various vendors who send the "mystery shoppers" into the Huey Magoo's Restaurants.

If you fail an evaluation by us or by a mystery shopper or if we receive a specific customer complaint, you must pay for the mystery shoppers we send to your Huey Magoo's Restaurant (until the issue is resolved to our satisfaction).

(c) **Evaluation Report**. We will give you an Evaluation Report listing the deficiencies and the corrective action you must take. Without limiting our other rights under this Agreement, you will take all steps necessary to immediately correct any deficiencies detected during inspections, including immediately stopping use of any equipment, advertising, materials, products, supplies or other items that do not conform to our then-current requirements. If you fail or refuse to correct any deficiency, we have the right, without any claim to the contrary by you, to enter your Restaurant Location or office without being guilty of trespass or any other tort, for the purposes of making or causing to be made all corrections as required, at your expense, payable by you upon demand.

Section 4.19 Notices to Us

(a) You must notify us in writing and supply us copies of all relevant documents within 5 days of any of the following events:

(i) The commencement of any action, suit or other proceeding against you or any of your employees that may have a material adverse effect on the Huey Magoo's Restaurant or the Business System;

(ii) Any communication by any governmental entity involving the conduct of your Huey Magoo's Restaurant that indicates your material non-compliance with any applicable law, rule or regulation; or

(iii) The issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality against you or any of your employees that may have a material adverse effect on the Huey Magoo's Restaurant or the Business System.

(b) You will provide us with any information we request about the progress and outcome of these events within 5 days of our request.

Section 4.20 Franchise Owners' Meetings or Convention

You, or your Designated Representative or your Manager must attend, at your expense, all annual franchise conventions we may hold or sponsor and all meetings relating to new products or product preparation procedures, new operational procedures or programs, training, restaurant management, sales or sales promotion, or similar topics. If you or your Designated Representative or your Manager is not able to attend a meeting or convention, you must notify us before the meeting and must have a substitute person acceptable to us attend the meeting. In addition, your Manager must attend the annual training meeting for Managers that we may hold or sponsor, at your own expense. We reserve the right to require that you and/or your Designated Representative attend any additional meetings that we deem appropriate under special circumstances, provided however, that we will not require more than one additional meeting every year and we will give you written notice of any such meeting at least 10 days before to the meeting. We do not charge

a fee for these meetings. However, you are responsible for meals, travel, lodging or other expenses you incur to attend these meetings.

Section 4.21 Operational Suggestions

You are encouraged to submit to us written suggestions for improving elements of the Business System, including products, services, equipment, service format, advertising and any other relevant matters for our consideration. You agree that any suggestions you make are our exclusive property. We have no obligation to use any suggestions. You may not use any suggestion inconsistent with your obligations under this Agreement without our written consent.

Section 4.22 Renovation and Upgrading

You agree that you will make such capital improvement or modifications necessary to modernize, redecorate and upgrade your Restaurant, including an upgrade of your equipment to reflect the current image and Trade Dress of new Huey Magoo's Restaurants as reasonably requested by us during the term of this Agreement, taking into consideration the cost of the modernization, the life expectancy of the equipment and the then-remaining term of this Agreement. Generally, these requirements will not exceed those applicable to new Franchised Restaurants and new Company-Owned Restaurants. We will not impose any new standards or specifications requiring structural changes or remodeling of your Huey Magoo's Restaurant more frequently than once every 7 years and not to exceed \$75,000, unless you otherwise consent (the "Capital Expenditure Limitation"). You must complete to our satisfaction any changes we require within a reasonable time, not to exceed 12 months from the date we notify you of any required changes (other than signage). You acknowledge and agree that the requirements of this Section are both reasonable and necessary to ensure continued public acceptance and patronage of Huey Magoo's Restaurants and to avoid deterioration or obsolescence in connection with the operation of the Huey Magoo's Restaurant. If you fail to make any improvement as required by this Section or perform the maintenance and repairs described in Section 4.14, we may, in addition to our other rights in this Agreement, effect such improvement, maintenance or repair and you must reimburse us for the costs we incur.

Section 4.23 Liquidated Damages for Sale of Prohibited Products or Services

You agree that the offer to sell or the sale of unauthorized or prohibited products and services will result in damages to us. You agree to pay us liquidated damages equal to \$1,000 for each day of the prohibited offer or sale, payable to us upon demand. These damages are in addition to our other rights or remedies, including our right strictly to enforce or terminate this Agreement as provided in this Agreement and obtain injunctive relief, except to the extent any other rights are excluded by law in light of this Section. The parties agree that a precise calculation of the full extent of the damages that we will incur from the offer or sale of unauthorized products and services is difficult to determine. Since the parties' desire certainty in this matter, the parties agree that the amount of liquidated damages is reasonable and is not a penalty.

Section 4.24 Publicity

We have the right to take and use photographs, audio and/or video of the Huey Magoo's

Restaurant or testimonials from customers of the Huey Magoo's Restaurant for publicity and/or advertising purposes, without charge or compensation to you. The photographs, videos, and/or testimonials are our sole property. You acknowledge that we own all right, title and interest and any other rights, as permitted under applicable law, to these photos, audio and video recordings. You agree that we may use your and your Franchise Owners' names, likeness and voices in promoting the Huey Magoo's Restaurants and the Business System. You consent and assign to us all right, title and interest to our use of these names, likenesses and voices. You will cooperate with us in obtaining these audio, video, photographs, testimonials, and the consent of any persons included in these materials.

Section 4.25 Privacy and Data Protection

You will: (i) comply with all applicable international, national, federal, provincial, state, or local laws, codes or regulations that regulate the processing of information that can be used (alone or when used in combination with other information within your control) to identify, locate or contact an individual or pertains in any way to an identified or identifiable individual ("Personal Information") in any way, including, but not limited to, national and state data protection laws, laws regulating marketing communications and/or electronic communications, information security regulations and security breach notification rules ("Privacy Laws"); (ii) employ administrative, physical, technical and organizational safeguards that: (a) are designed to prevent the unauthorized collection, access, use and disclosure of Personal Information ("Safeguards"); and (b) meet or exceed industry standards regarding Safeguards, including payment card industry ("PCI") standards, norms, requirements and protocols to the extent applicable; (iv) comply with all Safeguards that have been and are in the future developed and compiled by us that relate to Privacy Laws and the privacy and security of Personal Information; (iii) refrain from any action or inaction that could cause us to breach any Privacy Laws; and (iv) do and execute, or arrange to be done and executed, each act, document and thing we deem necessary in our business judgment to keep us in compliance with the Privacy Laws. You are solely responsible for educating yourself as to these regulations and standards and for achieving and maintaining applicable compliance certifications.

You will be fully responsible for any unauthorized collection, access, use and/or disclosure of Personal Information arising from your action or inaction. You further agree that the indemnification of us and the other Indemnitees specifically embraces all claims and liabilities sought to be imposed against us arising from or related to (directly or indirectly) your failure to comply with the provisions of this Section 4.25.

You will immediately notify us in writing of any breaches or suspected breaches of security (either electronic or physical) that may result in the unauthorized collection, access, use or disclosure of Personal Information or (ii) if you receive any oral or written notice of inquiry, investigation or review from any individual or administrative agency (such as the Federal Trade Commission or State Attorney Generals' offices or other similar agency in countries outside of the U.S.) that arises out of, relates to or affects Personal Information within your control. You will comply with our requests and make all reasonable efforts to assist us in relation to the investigation and remedy of any such breach of security and any claim, allegation, action, suit, proceeding or litigation with respect to the unauthorized access, use or disclosure of the Personal Information.

Section 4.26 Business Entity Requirements and Records

If you are a corporation, limited liability company, limited partnership or any other type of business entity, you must comply with the following requirements (which will also apply to any assignee of this Agreement which is a business entity):

(a) Furnish us with all of your formation, organizational and governing documents; a schedule of all current owners (indicating as to each its percentage ownership interest) in the form annexed hereto as Exhibit D; any shareholder, partnership, membership, buy/sell or equivalent agreements and documents; and, a list of all of your officers, directors and managers (as applicable).

(b) Unless we otherwise consent in writing, your business entity's formation and governing documents must provide that its activities will be confined exclusively to the operation of the franchised Restaurant.

(c) You must promptly notify us in writing of any change in any of the information specified, or in any document referred to, herein.

(d) All of your business entity's organizational documents (including any partnership, partnership agreements, incorporation documents, organization/formation documents, bylaws, operating agreements, shareholders agreements, buy/sell or equivalent agreements, and trust instruments) will recite that the issuance or transfer of any Interest in you is restricted by the terms of this Agreement, and that the sole purpose for which you are formed (and the sole activity in which you are or will be engaged) is the conduct of a franchised Huey Magoo's Restaurant pursuant to one or more franchise agreements from us and that your activities will be exclusively confined to such purpose. Your organizational documents will also include a "Supremacy of Franchise Agreement" clause reciting the following: "To the extent any provision of this Agreement conflicts, violates or is inconsistent with any provision of the Huey Magoo's Franchise Agreement, the parties hereto agree that the provisions of such Franchise Agreement shall supersede the same and that the parties hereto shall enter into such amendments to this agreement as are necessary in order to make the relevant provisions consistent with or non-violative of the provisions of the Huey Magoo's Restaurants, LLC Franchise Agreement."

(e) Without our prior written consent (which shall not be unreasonably withheld, delayed or conditioned), you may not permit any mortgage, lien, pledge or other security interest in respect of any of your business entity's shares, equity interests or other ownership interests. Any violation of this restriction will give us the right to terminate this Agreement immediately upon notice to you.

ARTICLE 5 - INTELLECTUAL PROPERTY

Section 5.1 Our Representations as to the Intellectual Property

We represent to you that:

(a) We are the sole owner of the Intellectual Property;

(b) We have the right to use the Intellectual Property in connection with the operation of the Huey Magoo's Restaurants;

(c) We have not sublicensed the Intellectual Property to any others except other Franchisees; and

(d) We will take all steps necessary to preserve and protect the ownership and validity of the Intellectual Property.

Section 5.2 Your Use of the Intellectual Property

You may use the Intellectual Property only in accordance with standards and specifications we reasonably determine and implement on a Network-wide basis. You agree that:

(a) You will use the Intellectual Property only for the operation of your Huey Magoo's Restaurant at the Restaurant Location.

(b) You will not employ any of the Intellectual Property in signing any contract, check, negotiable instrument or legal obligation, application for any license or permit, or in a manner that may result in liability to us for any indebtedness or obligation of yours.

(c) You have no right to pre-package or sell pre-packaged food products or beverages, or any other related goods or services, using the Intellectual Property unless we have given you written approval.

(d) You will use our Principal Trademarks as the sole service mark identification for your Huey Magoo's Restaurant and will display prominently our Principal Trademarks on and/or with all materials that we designate and authorize and in a manner that we specify.

(e) You will not use any of the Intellectual Property as security for any obligation or indebtedness.

(f) You cannot use Huey Magoo's or Huey Magoo's Chicken Tenders or any other word to which we object as part of your legal business name.

(g) You will maintain a suitable sign or graphics package at, or near the front of the Restaurant Location, on any pylon sign, building directory or other area identifying the Restaurant Location only as "Huey Magoo's Chicken Tenders." The signage must conform in all respects to our requirements except to the extent prohibited by local governmental restrictions or by landlord regulations.

(h) All materials including place mats, Authorized Menu, matchbook covers, order books, plastic or paper products and other supplies and packaging materials used in the Network will bear our Intellectual Property, as we specify.

(i) Except for the web page we provide to you, you will not use any of our Trademarks as part of any e-mail address, website, domain name or any other electronic media (including use with any prefix, suffix or other modifying words, term designs, or symbols), or in any other manner

connected with a website, advertisements on a website, or other similar electronic media, now known or to be known, without our prior written approval. We will own all electronic media accounts, but you may use them in accordance with the Manuals and with our prior written consent.

(j) You will exercise caution when using the Intellectual Property to ensure that the Intellectual Property is not in any manner jeopardized, and sign all documents that we or our counsel deem reasonably necessary to protect the Intellectual Property, including, without limitation, the Trademarks and our interest in the Trademarks.

Section 5.3 Infringement by You

You acknowledge that the use of the Intellectual Property outside the scope of this Agreement, without our written consent, is an infringement of our rights in the Intellectual Property. You agree that during the Initial Term, and after the expiration or termination of this Agreement, you will not, directly or indirectly, commit an act of infringement or contest or aid in contesting the validity of, or our right to, the Intellectual Property, or take any other action in derogation of our rights.

Section 5.4 Claims Against the Intellectual Property

If there is any claim of infringement, unfair competition or other challenge to your right to use the Principal Trademarks or the other Intellectual Property, or if you become aware of any use of, or claims to, the Principal Trademarks or the other Intellectual Property by persons other than us or our Franchisees, you will promptly (within 7 days) notify us in writing. You will not communicate with anyone except our counsel and us on any infringement, challenge or claim except under judicial process. We have sole discretion as to whether we take any action on any infringement, challenge or claim. We have the sole right to control any litigation or other proceeding arising out of any infringement of, challenge to, or claim to any Intellectual Property. You must sign all documents, render all assistance, and do all acts that our attorneys deem necessary or advisable in order to protect and maintain our interest in any litigation or proceeding involving the Intellectual Property or otherwise to protect and maintain our interests in the Intellectual Property.

Section 5.5 Your Indemnification

We indemnify you against and will reimburse you for all damages and costs (including reasonable attorneys' fees and costs) for which you are held liable in any proceeding based on your use of any of the Intellectual Property in accordance with this Agreement, provided you: (a) have timely notified us of the claim or proceeding in accordance with Section 5.4; (b) have otherwise complied with this Agreement; (c) allow us sole control of the defense and settlement of the action in accordance with Section 5.4; and (d) cooperate fully with our counsel in the defense of the action.

Section 5.6 Our Right to Modify the Intellectual Property

(a) If we deem it advisable to modify or discontinue the use of any of the Intellectual Property and/or use an additional or substitute name or mark, including due to the rejection of any

pending application for registration or revocation of any existing registration of any of the Intellectual Property, due to the rights of senior users, or a radical change in direction of the Business System we unilaterally cause or mandate, you are obligated to do so at your expense within 30 days of our request, subject to the Capital Expenditure Limitation.

Section 5.7 Our Reservation of Rights

You agree that the sublicense of the Intellectual Property we grant to you has limited exclusivity. In addition to our right to use and grant others the right to use the Intellectual Property outside the Limited Protected Territory, we expressly reserve all rights that we do not expressly grant to you in this Agreement concerning the Intellectual Property or other matters, including:

(a) **Non-Traditional Sites.** We have the right to establish, develop, license or franchise a Restaurant within your Limited Protected Territory if the Restaurants are to be located at Non-Traditional Sites.

(b) **Different Business Models.** We have the right to establish, develop, license or franchise other business models, different from the Business System licensed by this Agreement within or outside the Limited Protected Territory, regardless of its proximity to, or potential impact on, the Huey Magoo's Restaurant, without offering or providing you any rights in, to, or under the other systems.

(c) **Dissimilar Channels of Distribution.** We have the right to sell or offer to sell similar products and services authorized for the Huey Magoo's Restaurant using our Trademarks or Copyrights through dissimilar channels of distribution including the Internet, catalog sales, telemarketing, or other direct marketing within or outside the Limited Protected Territory and under any terms that we deem appropriate, regardless of their potential impact on your Huey Magoo's Restaurant, without offering or providing you the right to participate or receive any compensation.

(d) **Other Retail Sales.** We have the right to sell and distribute products or license others to sell and distribute products, within or outside the Limited Protected Territory, through grocery or convenience stores or other similar retail stores. The products may include those bearing our Principal Trademarks and you acknowledge that you will not receive any compensation for these sales.

(e) **National Accounts.** We have the right to establish programs involving National Accounts retaining the sole right to sell or provide services to the National Account. If there is a branch of a National Account located within your Limited Protected Territory, you may sell or provide your services to the National Account in accordance with the prices we have negotiated, in accordance with the provisions regarding the National Account Agreement contained in the Manuals.

(f) **Acquisition of Competitive Business.** If we acquire a Competitive Business and outlets of the Competitive Business encroach upon your Limited Protected Territory, we will have one (1) year from the date of acquisition of the Competitive Business to sell the encroaching outlets without being in default under this Agreement.

Section 5.8 Ownership; Inurement Solely to Us

You agree that: (a) you have no ownership or other rights in the Intellectual Property, except as expressly granted in this Agreement; and (b) we are the authorized sublicensor of the Intellectual Property. You agree that all goodwill associated with the Huey Magoo's Restaurant inures directly and exclusively to our benefit and is our sole and exclusive property except through any profit you receive from the permitted sale of your Huey Magoo's Restaurant during the Initial Term. You will not in any manner prohibit, or do anything that would restrict, us or any Franchisee from using the Intellectual Property or filing any trade name, assumed name or fictitious name registration with respect to any Huey Magoo's Restaurant to be conducted outside the Limited Protected Territory or any business within the Limited Protected Territory that is permitted by this Agreement. If you secure in any jurisdiction any rights to any of the Intellectual Property (or any other Intellectual Property) not expressly granted under this Agreement, you will immediately notify us and immediately assign to us all of your right, title and interest to the Intellectual Property (or any other Intellectual Property).

ARTICLE 6 - THE OPERATIONS, POLICIES AND PROCEDURES

Section 6.1 In General

(a) We have developed standards to protect our reputation and goodwill and to maintain uniformity of operation of each Huey Magoo's Restaurant that are contained in various Manuals. We will loan to you a hard copy of any such Manuals or provide it to you electronically or through an extranet system. These Manuals are an integral part of this Agreement with the same effect as if fully stated in this Agreement. We have not developed these standards for the purpose of us establishing any control or duty to take control over those matters that are reserved to you.

(b) You must adopt and use as your continuing operational routine the required standards, service style, procedures, techniques and management systems we adopt from time to time to improve operations as described in these Manuals or other written materials relating to product preparation, menu, storage, uniforms, financial management, equipment, facility and sanitation.

(c) You acknowledge that we have developed and own the information contained in the Manuals we provide.

Section 6.2 Confidential Use

(a) You will treat and maintain the Confidential Information as our confidential trade secrets except for information previously known or obtained through independent sources and found within the public domain. You must keep any Manuals in a secure area within the Restaurant Location. You will strictly limit access to the Confidential Information to your employees that have signed a Confidentiality Agreement and you will provide employees access to the Confidential Information to the extent they have a "need to know" in order to perform their duties. You will report the theft, loss or destruction of any Manuals immediately to us.

(b) You agree that, during and after the Initial Term, you, your Franchise Owners and employees will:

- (i) Not use the Confidential Information in any other business or capacity, including any derivative or spin-off of the Huey Magoo's concept;
- (ii) Maintain the absolute secrecy and confidentiality of the Confidential Information during and after the Initial Term;
- (iii) Not make unauthorized copies of any portion of the Confidential Information disclosed or recorded in written or other tangible form;
- (iv) Adopt and implement all procedures that we require to prevent unauthorized use or disclosure of, or access to, the Confidential Information; and
- (v) Not modify, reverse engineer, decompile, create other works from or disassemble any of our or any of our Affiliates' Confidential Information, except as we permit in writing.

Section 6.3 Periodic Revisions

We will revise our standards, procedures, techniques and management systems periodically to meet changing conditions of retail operation in the best interest of the Huey Magoo's Restaurants. You will comply with each new or changed provision beginning on the 30th day (or any longer time as we specify) after our written notice. We will base revisions to these operations and policies on what we determine to be in the best interests of the Business System, our interest and the interest of our Franchisees, including, without limitation, promoting quality, enhancing goodwill, increasing efficiency, decreasing administrative burdens, or improving profitability, subject to the Capital Expenditure Limitation. Because complete and detailed uniformity under many varying conditions may not be possible or practical, we reserve the right, in our sole discretion and as we may deem to be in the best interests of all concerned in any specific instance, to vary standards for any Franchisee based on the circumstances then existing. You are not entitled to require us to grant to you a similar variation under this Agreement.

Section 6.4 Prior Information

You agree that all Confidential Information received before the Agreement Date was unknown to you except through our disclosure and that the marketing practices and operating procedures we develop and franchise to you for the operation of your Huey Magoo's Restaurant are important for the success of the Business System. If you receive any Confidential Information after signing this Agreement, and you do not object in writing to us within 30 days after signing this Agreement that any of the information comprising the Confidential Information not be considered Confidential Information, then you have irrevocably waived your right to make any objection. You agree that this representation and warranty is a material inducement for us to enter into this Agreement, and any breach by you is an Event of Default.

ARTICLE 7 - ADVERTISING

Recognizing the value of advertising, and the importance of the standardization of advertising programs to the goodwill and public image of the Business System, the parties agree to the following provisions.

Section 7.1 Grand Opening Advertising Program

(a) We have established a Grand Opening Advertising Program, pursuant to which we would require Franchisee to budget and spend a minimum of \$15,000 and up to \$20,000 during a 120-day period beginning 30 days before the opening of a Huey Magoo's Restaurant and, upon our request, provide to us proof of these expenditures. We have the right, but not the obligation, to collect and administer these funds on your behalf. In addition, you must perform opening advertising and promotions as required by this Section if you relocate your Huey Magoo's Restaurant or reopen your Huey Magoo's Restaurant after having it closed for 30 days or more.

(b) In addition to the Grand Opening Advertising Program, during the first three months following the opening of your Restaurant, you are required to participate in an incremental paid social media campaign. The cost of this campaign will be between \$2,500 and \$5,000 and you will be required to use our designated vendor.

Section 7.2 Local Advertising

(a) **Your Expenditures.** You are required to spend at least 2% of your monthly Gross Revenues on local advertising and promotion (the "Local Advertising Expenditure Requirement"). "Local Advertising and Promotion" means the local or regional advertising and promotional activities that we specify in our Manuals or otherwise, or approve in advance as provided in this Section 7.2, including expenditures on television, radio, newspaper, magazines, out of home, posters, banners, brochure, direct mail, social media platforms such as Facebook, Instagram, Twitter/X, Yelp, and other digital platforms. For the avoidance of doubt, any expenditures you make on the following items shall not be applied towards and/or used to satisfy your Grand Opening Advertising Program specified in Section 7.1 nor your Local Advertising Expenditure Requirement : (1) an incentive program for your employees or agents; (2) charitable, political or other contributions or donations; (3) store fixtures or equipment; and/or (4) online business listings. You must, upon our request, provide us with proof that you satisfied your Local Advertising Expenditure Requirement.

(b) **Our Approval.** You must submit to us for our approval all materials used for Local Advertising, unless we have previously approved the materials or the materials consist only of materials we provide. You are free to use your own advertising materials only if you have obtained our prior written approval. All materials containing the Intellectual Property must include the applicable designation - service marksSM, trademarkTM, registered® or copyright©, or any other designation we specify. If you have not received our written or oral disapproval of materials you submitted within 10 days from the date we received the materials, then we are deemed to have approved the materials. We may require you to withdraw and/or discontinue the use of any promotional materials or advertising, even if previously approved, if in our judgment, the materials or advertising may injure or be harmful to the Business System. You will have 5 days after you receive our written notice to discontinue using the materials or advertising, unless otherwise agreed in writing.

(c) **Franchise Opportunities Available.** Subject to any legal restrictions, you must place a sign we supply to you in a conspicuous place within the Restaurant Location as well as on all Authorized Menus, containing substantially the following statement: "Huey Magoo's Chicken

Tenders Franchise Opportunities Available.” You must immediately refer all responses to us at (844) 468-4667 or any other number or email we designate and include our corporate address. You have no authority to act for us in franchise sales.

(d) **Social Media.** You must follow our requirements set forth in the Manuals or otherwise in writing for the use of social media, including creating and maintaining a Twitter/X account, Facebook page, GoMoBo account and other similar types of social media we may add in the future.

(e) **Participation in Certain Promotions.** You must participate in, and comply with the requirements of, all required national or regional advertising and promotional programs we establish. If the promotional program involves any Menu Item that is listed on the then-current Huey Magoo’s printed menu (including any limited time offers), we may suggest, but will not require, that you offer the item at a price lower than the everyday menu price. You must purchase and maintain an inventory of the promotional products being offered during the special promotional program for the duration of such program. Your inventory of such promotional products must be sufficient to meet customer demand.

Section 7.3 Regional Cooperative Advertising

You agree that we have the right to establish a regional advertising cooperative in any DMA. Upon our request, you will immediately become a member of the Cooperative for the DMA that includes your Limited Protected Territory. Your Huey Magoo’s Restaurant does not have to be a member of more than one Cooperative. We reserve the right to require Cooperatives to be changed, dissolved or merged.

(a) **Purposes of Cooperative.** If we organize a Cooperative, it will be for the purposes of administering advertising programs and developing standardized promotional materials for use by its members. If organized, the Cooperative may adopt its own rules and procedures, but we must approve the rules or procedures. The rules and procedures must not restrict or expand your rights or obligations under this Agreement. The members of each Cooperative and their elected officers will be responsible for the administration of the Cooperative. Each Cooperative must submit to us the minutes of its meetings upon our request.

(b) **Voting of Members.** Except as otherwise contained in this Agreement, and subject to our approval, any lawful action of the Cooperative at a meeting attended by 67% of the members, including assessments for Cooperative advertising, binds you if approved by 67% of the members present. Each Franchise Restaurant and Company-Owned Restaurant has 1 vote; however, no Franchisee (or controlled group of Franchisees) has more than 25% of the vote in the Cooperative regardless of the number of Huey Magoo’s Restaurants owned by any Franchisee.

(c) **Our Approval of Advertising.** We must approve in writing all advertising or promotional plans or materials the Cooperative proposes to use or furnish to its members. The Cooperative must submit to us all plans and materials and each Cooperative must engage the services of a professional advertising agency or media buyer that meets with our approval and has expertise in the industry and in the particular market.

(d) **Members' Contributions to Cooperative.** If organized, the Cooperative has the right to require each of its members to contribute to the Cooperative an amount not more than 2% of that member's monthly Gross Revenues. We credit this amount against any obligation for Local Advertising that may be required by 7.2(a). Each member will submit to the Cooperative, no later than the 10th day of each month for the preceding calendar month, his, her or its contribution together with all other statements or reports we or the Cooperative requires. Each Cooperative must prepare annual financial statements, which will be sent to us and all members of the Cooperative.

(e) **Impasses.** If an impasse occurs based on its members' inability or failure to resolve within 45 days any issue affecting the establishment or effective functioning of the Cooperative, the issue, upon request of a member of the Cooperative, will be submitted to us for consideration. Our resolution of the issue is final and binding on all members of the Cooperative.

Section 7.4 Internet Advertising and Marketing/Website

(a) **Website.** You must, at your expense, participate in our Huey Magoo's website on the Internet, www.HueyMagoos.com (the "Website"), our intranet system or other online communications as we may require. You must submit to us daily reports via our intranet system, as further described in Subsection 8.2(a). We have the right to determine the content and use of our Website and intranet system and will establish the rules contained in the Manuals under which you and the other Franchisees may or must participate. We retain all rights relating to our Website and intranet system and may alter or terminate our website or intranet system. We maintain sole and exclusive rights to all content and information displayed or collected on our Website. The content and information includes company information, user demographics and profiles, pictures and graphics, testimonials, advertisements, product information and all other information that we may designate in writing.

(b) **Access.** We permit you access to password protected areas within our Website to assist in the operation of your Huey Magoo's Restaurant. We may rescind these rights if you violate the conditions and terms of use. We prohibit you from adding to, deleting, or modifying any of the content of the Website without our written permission. You acknowledge that certain information related to your participation in our Website or intranet system may be considered Confidential Information, including access codes and identification codes. Your right to participate in our Website and intranet system, or otherwise use the Trademarks or System on the internet or other online communications, will terminate when this Agreement expires or terminates.

(c) **Domain Name.** We prohibit you from registering any domain name using the Intellectual Property and from hosting a website to promote the Huey Magoo's Restaurant or the products or services without our prior written consent. You will not participate in any website that markets goods and services similar to a Huey Magoo's Restaurant. We retain all rights to the trade names and other Intellectual Property, and any associated Internet domains used to identify the Business System. You may not use or reference the Trademarks in any online communication or website (including all current and future social media platforms) without our prior written approval.

(d) **Your Home Page.** You must adhere to the methods and procedures we provide for uploading content and managing any Home Page you may create and which will be subject to our approval. You must secure our written permission if you desire to link Your Home Page to any other website on the Internet. We have the sole right to modify, change, add to, or delete our domain, Website and Your Home Page. We maintain all rights of ownership in and to Your Home Page. We may discontinue making Your Home Page accessible to you upon 30 days' written notice, or if you are in breach of this Agreement.

(e) **E-Mail Account.** You must maintain an e-mail account to receive e-mails forwarded to your Huey Magoo's e-mail address. We have established reasonable standards for e-mail accounts and their use, which we may periodically revise. You will have reasonable time within which to upgrade when standards change. Standards will include a computer capable of running the required software and containing reasonable minimums for memory and data storage and high-speed Internet access. We may also require that you obtain a dedicated IP address for use with the POS System. You are responsible for all charges for these services. From time-to-time, we will send important information to your Huey Magoo's e-mail address. In order to stay informed on developments affecting the Business System and your Huey Magoo's Restaurant, you agree to check your e-mail at least daily except for Sundays. You must respond to any request we send to you by e-mail that requires a response within 24 hours of your receipt of our e-mail.

Section 7.5 Advertising Fund

(a) **Creation of Fund.** We have created a special fund called the "Huey Magoo's Advertising Fund" (the "Advertising Fund"), into which we deposit the Advertising and Marketing Contributions described in Subsection 3.1(c) for the benefit of all Franchised Restaurants and Company-Owned Restaurants who contribute to the Advertising Fund. Non- Traditional Sites are not necessarily obligated to contribute to the Advertising Fund.

(b) **Administration.** We administer the Advertising Fund and use the Advertising Contributions in the Advertising Fund to pay for the costs of creating various advertising, marketing, and promotional materials and to pay for the costs of conducting regional and/or national advertising and promotional activities (including, but not limited to, the cost of producing advertising campaigns and marketing materials, conducting test marketing and marketing surveys, public relations activities) that we deem beneficial to the Business System. We can charge the Advertising Fund for our costs of services we provide, in lieu of engaging third party agencies to provide these services. We will not use any of the funds to offer or sell Huey Magoo's Restaurants to prospective franchisees. The Advertising Fund is not separately incorporated, but we reserve the right to do so at such time as we deem it appropriate.

(c) **Expenditures.** All fund expenditures are at our sole discretion. We may spend in any calendar year more or less than the total Advertising Contributions to the Advertising Fund in that year. We may loan to the Advertising Fund or borrow from other lenders for the Advertising Fund to cover deficits of the Advertising Fund or cause the Advertising Fund to invest any surplus for future use by the Advertising Fund. We will carry any monies not spent by the Advertising Fund in any particular year to fund production expenses in the next year.

(d) **Rebates.** You authorize us to act as your sole agent to enter into contracts with parties, other than Designated Suppliers and Approved Suppliers, offering promotions, discounts or other programs where you would receive rebates or marketing allowances (“Rebates”) relating to our purchase of advertising, marketing, and promotional materials using funds from the Advertising Fund. By signing this Agreement, you assign all of your right, title and interest in all Rebates to us, and authorize us to furnish any proof of purchase evidence as may be required in accordance with the contracts.

(e) **Annual Report.** We will prepare an annual report of the receipts and expenditures of the Advertising Fund and send a copy of the report to you and all other Franchisees within 150 days after the end of each fiscal year. The Advertising Fund is not currently audited.

Section 7.6 Content and Concepts

We retain sole discretion over all advertising, marketing and public relations programs and activities financed by the Advertising Fund, including, without limitation, the creative concepts, materials and endorsements used and the geographic market, media placement and allocation. You agree that the Advertising Fund may be used to pay the costs of preparing and producing associated materials and programs that we determine, including video, audio and written advertising materials; sponsorship of sporting, charitable or similar events, administering regional and multi-regional advertising programs including purchasing direct mail and other media advertising, and employing advertising agencies to assist with marketing efforts; and supporting public relations, market research and other advertising, promotional and marketing activities, search engine optimization, advertising at events, and other activities that we in our business judgment believe are appropriate to enhance, promote and/or protect the Huey Magoo’s Business System or any component thereof, etc.

Section 7.7 Termination of Expenditures

We maintain the right to terminate the collection and disbursement of the Advertising Contributions and the Advertising Fund. Upon termination, we will disburse the remaining funds to existing Franchised Restaurants and Company-Owned Restaurants on a pro-rata basis based on their relative amount of contributions.

Section 7.8 Advertising and marketing Contributions by Us

Company-Owned Restaurants are required to contribute to the Advertising Fund, as well as any Cooperative, if formed, on the same basis that Franchised Restaurants are required to contribute.

ARTICLE 8 - ACCOUNTING AND RECORDS

Section 8.1 Records

You will maintain complete and accurate records for the operations of your Franchise Business. The records that you are required to keep for your Huey Magoo’s Restaurant include detailed daily sales, cost of sales, and other relevant records or information maintained in an

electronic media format and methodology we approve. You must provide this information to us according to reporting formats, methodologies and time schedules that we establish from time to time. You must segregate these records from all other records that do not concern your Huey Magoo's Restaurant. You must allow us electronic and manual access to any records relating to your Huey Magoo's Restaurant. You must preserve these records for at least 6 years from the dates of their preparation including after the termination, transfer or expiration of this Agreement.

Section 8.2 Reports and Statements; Confidentiality

(a) **Daily Gross Revenues Reports.** We will pull your daily Gross Revenue report ("Daily Gross Revenues Report") from your POS System. If we cannot (for some reason) pull your Daily Gross Revenues Report from your POS System, then you must submit your Daily Gross Revenues Report daily via our intranet system or in any other form and by any other means that we may require. You will submit to us by Friday of each week your Daily Gross Revenue Report accurately reflecting all Gross Revenues for the previous Saturday through Friday period, the computation of Royalty Fees, Advertising Contributions and all other information we require.

(b) **Monthly Reports.** You must submit to us all monthly reports for the preceding month by the 10th day of each month in the form and content as we periodically prescribe. The monthly reports may include the following information for the preceding month: (i) the amount of Gross Revenues of the Huey Magoo's Restaurant, the amount of sales tax collected and the computation of the Royalty Fee and the Advertising Fee; (ii) quantities of products purchased and the sources from which each were obtained; and (iii) if we request, copies of your most recent sales tax return, monthly cash register sales summary or details and monthly balance sheet and statement of profit and loss, including a summary of your costs for utilities, labor, rent and other material cost items.

(c) **Annual Financial Statements.** You must also submit an annual balance sheet, income statement and statement of cash flows, within 90 days of the end of your fiscal year prepared in accordance with Generally Accepted Accounting Principles. You, your treasurer or your chief financial officer, must sign and attest that the financial statements are true and correct and fairly present your financial position at and for the times indicated. You will also supply to us copies of your federal and state income tax returns at the time you file these returns with the appropriate tax authorities. The financial statements and/or other periodic reports described above must segregate the income and related expenses of your Huey Magoo's Restaurant from the income and expenses of any other business that you may conduct.

(d) **Confidentiality.** We agree to maintain the confidentiality of all financial information we obtain about your operations. We may disclose this financial information to our professional advisors and any third party that is bound to maintain the confidentiality of the information. We may use the information to prepare a financial performance representation or other information required or permitted by federal or state franchise law. We may prepare a composite list of financial performances by our Franchisees for dissemination among the Franchisees that identifies your Gross Revenues and advertising expenditures. This composite list will not present the information in a manner that your identity can be easily determined.

Section 8.3 Review and Audit

(a) **Our Right of Audit.** Our representatives have the right at all times to examine and copy your records. We have the right, at any time, to access your POS System to determine, among other things, sales activity and Gross Revenues. We also have the right, at any time, to conduct an independent audit of your records, but no more than 2 times a year, or more frequently if you are in default under this Agreement. To verify the information you supply, we have the right to reconstruct your sales through the inventory extension method or any other reasonable method of analyzing and reconstructing sales. You agree to accept any such reconstruction of sales unless you provide evidence in a form satisfactory to us of your sales within a period of 14 days from the date of notice of understatement or variance. You must fully cooperate with us or our representative in performing these activities and you must reimburse us for any expenses incurred by us from your lack of cooperation.

(b) **Underreporting.** If an inspection reveals you have understated any financial information you have reported to us (including Gross Revenues or payments owed to us), you must immediately pay to us, upon demand, the amount understated and interest at the maximum rate permitted by law beginning from the time the required payment was due. If any inspection discloses an understatement of 2% or more of Gross Revenues, you must also reimburse us for the expenses for the inspection or audit (including, without limitation, reasonable auditing, accounting, attorneys' fees and costs). In addition, we reserve the right to require you to retain an independent certified public accountant reasonably acceptable to us to audit all future year-end financial statements at your expense. These remedies are in addition to any other remedies we have under this Agreement or under applicable law. If the audit discloses an overpayment in any amount you paid to us, we will promptly pay you the amount of the overpayment or offset the overpayment against any amounts owed to us.

Section 8.4 Your Name, Address and Telephone Number

Under federal and state franchise laws and other applicable laws, we must disclose your name, address and telephone number (home address and telephone number if you are no longer a Franchisee) and you agree to the disclosure of your name, address and telephone number. You must notify us of any change in your name, address and telephone number within 10 days of the change. This obligation survives the expiration or termination of this Agreement.

ARTICLE 9 - INSURANCE

Section 9.1 Types and Amounts of Coverage

You must purchase and maintain in full force and effect, at your expense and from a company we accept and approve, insurance that insures both you and us, our Affiliates and any other persons we designate by name. The insurance policy or policies shall be written in accordance with the standards and specifications (including minimum coverage amounts) set forth in writing by us from time to time in the Manuals, and, at a minimum, include the following (except as different coverages and policy limits may be specified for all Franchisees from time to time in writing): (i) property insurance on the Huey Magoo's Restaurant, restaurant improvements and all fixtures, equipment, supplies and other property used in the operation of the Huey Magoo's

Restaurant; (ii) business interruption insurance that covers your loss of income and our Royalty Fees; (iii) comprehensive general liability insurance (which may include umbrella liability); (iv) automobile liability insurance on all owned, hired, rented and non-owned vehicles; and (v) workers' compensation and employer's liability insurance covering all of your employees. In addition, the required liability insurance must (i) name Huey Magoo's Restaurants, LLC as additional insured; (ii) provide severability of interests and/or separation of insureds coverage; and (iii) be primary and non-contributory with any insurance policy carried by us. We may from time to time modify the required minimum limits and require additional insurance coverage, by providing written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the Huey Magoo's system, standards of liability and higher damage awards. This insurance may be in addition to any other insurance that you must obtain based on the requirements of applicable law, your landlord's requirements, your lender's requirements or otherwise.

Insurance coverages for (i), (ii) and (iii) shall be in amounts not less than \$2,000,000 and with a general aggregate limit of not less than \$3,000,000; and \$500,000 for (iv) and (v). To the extent attainable at a reasonable cost, your statutory limits will also obtain coverage for food and airborne illness with coverage of at least \$1,000,000. In addition to complying with the foregoing insurance requirements, we strongly recommend (although we currently do not require) that you obtain cyber security risk insurance. Cybercriminal activities have become more rampant in recent years, resulting in many companies being subjected to (i) compromises of their systems, (ii) the release of their customer's personal data, (iii) attacks which freeze operations, as well as other cyber threats. Cyber security risk insurance will help to protect your Business upon the occurrence of any cybercrimes or cyber related threats.

Section 9.2 Evidence of Insurance

At least 10 days before you begin any construction of the Restaurant Location and before you begin operating the Huey Magoo's Restaurant, you must furnish to us a certificate of insurance issued by an approved insurance company showing compliance with these insurance requirements and a paid receipt showing the policy number. The certificate of insurance must include a statement by the insurer that the policy will not be canceled, be subject to nonrenewal or be materially altered without at least 30 days' written notice to us. You will send to us current certificates of insurance on an annual basis within 10 days of renewal or replacement of such policies. You will submit to us promptly copies of all insurance policies and proof of payment upon our request.

Section 9.3 Requirements for Construction or Renovation

For any construction or renovation of the Restaurant Location, you must require the general contractor to maintain with an approved insurer commercial general liability insurance (with comprehensive automobile liability coverage for both owned and non-owned vehicles, builder's risk, product liability, and independent contractor's coverage) for at least \$1,000,000, with you and us as additional named insureds, as our interests may appear, together with workers' compensation and employer's liability insurance required by law.

Section 9.4 Our Right to Participate in Claims Procedure

Our insurer and/or we have the right to participate in discussions with your insurance company or any claimant (with your insurance company) regarding any claim. You agree to discuss our reasonable recommendations with your insurance carrier regarding the settlement of any claims.

Section 9.5 Waiver of Subrogation

The parties agree that, for any loss covered by insurance carried by the parties, their respective insurance companies have no right of subrogation against the other.

Section 9.6 Effect of Our Insurance

Your obligation to maintain the policies in the amounts required is not limited because of any insurance we maintain. Our performance of your obligations does not relieve you of liability under the indemnity provisions in this Agreement.

Section 9.7 Failure to Maintain Insurance

If you fail to maintain the insurance required by this Agreement, we have the right and authority (but without any obligation to do so), after written notice to you and 10 days in which to cure, to procure the insurance on your behalf. If we do so, we will charge you the cost of the insurance, plus interest at the maximum rate permitted by law and a 15% administrative fee for so acting, that you agree to pay immediately upon notice.

ARTICLE 10 - TRANSFER OF INTEREST

Section 10.1 Transfer by Us

We have the right to assign this Agreement to any person without your consent.

Section 10.2 Transfer by You

(a) **Personal Rights.** Without our prior written consent, you agree not to transfer: (i) any interest in this Agreement, (ii) any portion of the assets comprising the Huey Magoo's Restaurant outside of the ordinary course, (iii) more than 50% of the equity or financial rights or the controlling governance or voting interests of the Franchisee, or any of its affiliates (meaning, a person or entity, who or that directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, the person or entity). In the event we provide our written consent to a transfer, such transfer does not release any guaranty previously signed.

(b) **Transfer to Your Business Entity.** You may assign this Agreement to a business entity in which you own more than 50% of the equity or financial rights and the controlling governance or voting interests if:

(i) You, your Designated Representative or a Manager we approve actively manages the business entity and continues to devote his or her best efforts and full and

exclusive time to the day- to-day operation of your Huey Magoo’s Restaurant. You must advise us of the name of the Manager and the Manager must meet our standards including training.

(ii) The business entity does not use the trade name “Huey Magoo’s Chicken Tenders” in any derivative or form in the name of the business entity.

(iii) The Board of Directors (Management Committee) and Shareholders (Members) of the business entity approve the assumption of this Agreement, authorize an officer or manager to sign a joinder agreement or assumption of this Agreement, and appoint a Designated Representative.

(iv) An authorized officer (manager) of the business entity signs a document in a form we approve, agreeing to become a party bound by all the provisions of this Agreement;

(v) All certificates representing equity interests bear a legend that they are subject to this Agreement; and

(vi) You pay us an Entity Transfer Fee of \$500.

You understand that, if you transfer this Agreement to your business entity, you remain personally liable for all the monetary and non-monetary obligations under this Agreement arising before or after the transfer through the end of the Initial Term and any Successor Term.

(c) **Transfer to Family Members or among Franchise Owners.** If the transfer is between an original Franchise Owner or an individual who has been a Franchise Owner for at least 5 years and an immediate family member of that Franchise Owner, or if the transfer is among individuals who have each been Franchise Owners for at least 5 years, then the following apply: (i) no transfer fee will be payable to us, although you must reimburse us for our reasonable costs and expenses in an amount not to exceed \$2,500; (ii) we will waive our right of first refusal described in Section 10.5; and (iii) we will not require the execution of the then-current franchise agreement but a joinder to this Agreement. Notwithstanding the foregoing, you remain personally liable for all the monetary and non-monetary obligations under this Agreement arising before or after the transfer through the end of the Initial Term and any Successor Term.

(d) **No Subfranchising Rights.** You have no right to grant a subfranchise.

(e) **No Encumbrance of Franchise Right and Controlling Interest.** While you may encumber the assets comprising your Huey Magoo’s Restaurant with our prior written consent, you may not grant a security interest, collaterally assign or otherwise encumber your interest in this Agreement. You may not pledge or otherwise encumber a controlling voting or equity interest in a business entity if you assign this Agreement to a business entity. Any attempted encumbrance is void and is an Event of Default on your part.

(f) **“For Sale” Restrictions.** You will not permit to be placed upon the Restaurant Location a “Business for Sale” or “For Sale” sign, or any sign of a similar nature or purpose, nor in any manner use the Intellectual Property to advertise the sale of your Huey Magoo’s Restaurant

or the sale or lease of the Restaurant Location. These prohibitions apply to any activities under a listing agreement that you may enter into with a real estate or business broker.

(g) **Permitted Transfer**. We will respond to a request for consents to a transfer of this Agreement, which consent we will issue or withhold, if you satisfy the following requirements:

(i) You must submit to us our form of Application for Consent to Transfer. You will also submit other information and documents (including a copy of the proposed purchase or other transfer agreement) we require under our then-current transfer procedures. The application must indicate whether you or a Franchise Owner proposes to receive by the transferee a security interest in the property transferred. You may not receive a security interest without our prior written consent and upon conditions acceptable to us. Any agreement used in connection with a transfer shall be subject to our prior written approval, which approval we will not withhold unreasonably.

(ii) We have not exercised our right of first refusal under Section 10.5.

(iii) You are not in default of any term of this Agreement or any other agreement between you and us or our Affiliates at the time of transfer.

(iv) The proposed transferee (meaning all individuals and entities which, after the proposed sale, transfer or assignment, will be franchisees under any successor agreement) applies to us for acceptance as a franchisee, and furnishes to us the information and references that we request to determine the proposed assignee's skills, qualifications, financial condition, background and history, reputation, economic resources, education, managerial and business experience, credit rating and ability to assume your duties and obligations under this Agreement and any related agreement, interviews at our principal office, and demonstrates to our reasonable satisfaction that the transferee has the business and personal skills, reputation and financial capacity that we require of new Franchisees.

(v) We have the right to require you to prepare and furnish to the transferee and/or us such financial reports and other data relating to the Huey Magoo's Restaurant and its operations reasonably necessary or appropriate for the transferee and/or us to evaluate the Huey Magoo's Restaurant and the proposed transfer. You agree that we have the right to confer with any proposed transferee and furnish him or her with information concerning the Huey Magoo's Restaurant and the proposed transfer without being liable to you, except for intentional misstatements we made to a transferee. Any information furnished by us to a proposed transferee is for the sole purpose of permitting the transferee to evaluate the Huey Magoo's Restaurant and proposed transfer and must not be construed in any manner or form whatsoever as financial performance representations or claims of success or failure.

(vi) The transferee must sign our then-current form of Franchise Agreement and all other agreements attached as exhibits to our then-current FDD. The new Franchise Agreement and other agreements may vary in material aspects from this Agreement, including higher Royalty Fees and Advertising Contributions and a change to the Limited Protected Territory. Neither party is obligated to perform their respective pre-opening

obligations. We will not charge an Initial Franchise Fee. The term of the new Franchise Agreement will be equal to the balance of the term of this Agreement.

(vii) We may condition our approval of any transfer on the receipt of a new Guaranty Agreement and new Confidentiality Agreement from the principals of such entity as well as anyone attending any or all of our management training program.

(viii) You will pay us a Transfer Fee set forth in Subsection 3.1(e).

(ix) The transferee must assume your obligations under the lease of the Restaurant Location or sign a new lease with the landlord.

(x) You and your shareholders (members), and your directors and officers (managers) must sign a General Release, in the form attached as Exhibit M to the FDD, of any claims against us and our subsidiaries and Affiliates, and their respective officers, directors, agents and employees.

(xi) At the transferee's expense, the transferee or a Designated Representative and transferee's Manager and assistant managers (unless the Manager and assistant managers have been previously approved and trained by us) completes Initial Training then in effect for new Franchisees upon all terms that we reasonably require.

(h) **Disapproval of Transfer.** Our disapproval of the transferee for failure to satisfy the transfer conditions described in this Subsection, or of any other condition to transfer stated in this Agreement, does not cause us any liability to you or the transferee. Our consent to a transfer is not a waiver of any claims we may have against you. Our consent to a transfer is not a waiver of our right to demand the transferee's exact compliance with this Agreement. No transfer we approve relieves you of liability for your conduct before the transfer, including conduct in breach of this Agreement. You are relieved of all liability for your transferee's conduct after a permitted transfer. You remain obligated to comply with those provisions that expressly survive an expiration or termination of this Agreement including the obligations of indemnification, confidentiality and non-competition.

(i) **Transfer Without Our Consent.** Any attempted transfer by you without our prior written consent or otherwise not in compliance with the terms of this Agreement is void, your interest in this Agreement will be deemed voluntarily abandoned, and gives us the right to elect either to deem you in non-curable default and terminate this Agreement or to collect from you and the Guarantors a transfer fee equal to 2 times the Transfer Fee provided for in Subsection 3.1(e).

Section 10.3 Transfer Upon Divorce or Business Entity Dissolution

If this Agreement is in the name of 2 persons who are husband and wife or 2 or more persons who are owners of a business entity, this Section describes the policies to be applied upon a divorce or a dissolution of the business entity. During the period when a divorce or a dissolution action is pending, you must give us written notice and adopt one of the following methods of operation:

(a) If a party relinquishes his or her right and interest in the Huey Magoo's Restaurant and the other spouse or owner will continue to operate the Huey Magoo's Restaurant, he or she must assign the interest to the other spouse or owner if the other spouse or owner has successfully completed Initial Training. This does not relieve that person relinquishing his or her interest of his or her personal obligations under this Agreement including indemnification, confidentiality and noncompetition.

(b) If the parties to a divorce or dissolution action agree that, despite their difficulties, they can continue to operate the Huey Magoo's Restaurant jointly on a "business-as-usual" basis during the proceeding, they may do so.

(c) If the parties in a divorce action or dissolution do not agree to operate under alternates (a) or (b), they must arrange to have a third party act as Manager and operate the Huey Magoo's Restaurant until the divorce or dissolution is completed. We must approve the Manager and the Manager must have satisfactorily completed Initial Training, pursuant to the terms of this Agreement.

(d) After a final order or judgment, the divorcing parties may continue to operate the Huey Magoo's Restaurant. In this case, however, each person must enter a formal agreement defining their respective rights and obligations, file a signed copy with us, assign this Agreement to the new business entity, appoint a Designated Representative and comply with all other requirements for operating the Huey Magoo's Restaurant as a business entity.

Section 10.4 Transfer Upon Death or Disability

(a) If any Franchise Owner/Designated Representative/Manager becomes disabled from any cause and is unable to perform his or her obligations under this Agreement, you will immediately provide and maintain a replacement Manager satisfactory to us to perform your obligations. If you fail or are unable to provide and maintain a replacement Manager, we may hire and maintain the replacement Manager in accordance with Section 2.16. Upon a determination of permanent disability or the disability lasts for more than 3 months, your interests in the Franchisee (if a business entity) or in this Agreement must be sold within 6 months (or a shorter period if required by state law) to an approved transferee in accordance with the terms of this ARTICLE.

(b) If the Franchise Owner/Designated Representative/Manager dies, his or her legal representative will, as soon as reasonably possible, provide and maintain a replacement Manager satisfactory to us to perform the obligations. If the legal representative fails to provide and maintain a replacement Manager, we may hire and maintain the replacement Manager in accordance with Section 2.16. Your interests in the Franchisee (if a business entity) or in this Agreement must be sold within 6 months (or a shorter period if required by state law) of the death to an approved transferee in accordance with the terms of this ARTICLE.

Section 10.5 Our Right of First Refusal

(a) If you or the Franchise Owners receive an offer from a third party to purchase 100% of the equity interests of the business entity (an "Interest Offer") or a material part or all of the Business Assets of the Huey Magoo's Restaurant (an "Asset Offer"), then you must first offer to sell to us the Interest or the Assets for the consideration and on the terms stated in the third party's

written offer (the “Offer”). You must give us written notice that includes the name and address of the Offeror, the price and terms of the Offer, a copy of the signed purchase agreement and a franchise application completed by the Offeror, and any other information that we request in order to evaluate the Offer. We have the right of first refusal to purchase the Interest or the Assets by accepting the Offer, within 30 days after our receipt of the Offer and required information, which right of first refusal we may freely assign to any individual or entity.

(b) If we give notice of acceptance of the Offer, then you will sell and we will purchase the Interest or the Assets in accordance with the terms of the purchase agreement. However, if you were obligated to pay a broker’s commission on the sale to the third party, which brokerage commission is not due if we exercise our right of first refusal, the purchase price will be reduced by the amount of the brokerage commission that would have been paid. Our creditworthiness is deemed at least equal to the creditworthiness of the proposed purchaser.

(c) If the purchase agreement provides for the purchaser’s full or partial payment including consideration that is of a nature that we cannot reasonably duplicate (the “Unique Consideration”), we may substitute cash or stock (of a public company with registered shares) in lieu of the Unique Consideration. The parties will agree on the value of the Unique Consideration within 30 days after we received the purchase agreement and other information. If the parties cannot agree on the fair market value of the Unique Consideration, an independent appraiser the parties select will determine its fair market value. If the parties are unable to agree on an independent appraiser within 10 days, the parties will each select an independent appraiser, and the appraisers will select a third independent appraiser (the “Third Appraiser”). The Third Appraiser will determine the fair market value of the Unique Consideration. If either party fails to select an appraiser and give notice to the other of the identity of the appraiser within the 10-day period, the appraiser selected by the other party will select the Third Appraiser. The parties will pay the Third Appraiser’s costs equally.

(d) If the proposed sale includes assets that are not part of the operation of the Huey Magoo’s Restaurant, we may elect to purchase only the assets that comprise the Franchise Business and the parties will determine an equitable purchase price. If the parties cannot agree and allocate the purchase price to each asset included in the sale, the value will be determined by the appraisal process described in Subsection 10.5(c).

(e) We will purchase the Interest or Assets subject to all customary representations and warranties given by a seller of stock or assets. These representations and warranties include warranties as to ownership, condition and title to the Interest and/or Assets, absence of liens and encumbrances on the Interest and/or Assets, validity of contracts and the extent and natures of any liabilities of the business entity relating to the Interest purchased.

(f) Unless otherwise agreed to by us, the closing of the purchase of the Interest or the Assets will take place at our principal office no later than 60 days after you delivered the purchase agreement and other documents to us. The closing of any purchase where Unique Consideration is determined in accordance with Subsection 10.5(c) will occur within 15 days after the value of the Unique Consideration is determined. At any closing, the Offeree must deliver to us an assignment and other documents we request representing a transfer of ownership of the Interest or the Assets free of all liens, claims, pledges, options, restrictions, charges and encumbrances, in

proper form for transfer and with evidence of payment by the Offeree of all applicable transfer taxes. We will simultaneously make payment of any cash consideration for the Interest or Assets by a cashier's check drawn on a financial institution or payment by the issuance of the shares less any amounts you then owe us, if any.

(g) If we do not accept the Offer, you are free, within the next 60 days after we have elected not to exercise our option, to sell the Interest or the Assets to the independent third party for the consideration and upon the terms specified in the Offer, subject to full compliance with all the terms of transfer required under this Agreement including those stated in Section 10.2. Before any sale of the Interest to a third party, the third party must deliver to us a written acknowledgment that the Interest purchased is subject to the terms of this Agreement and that the third party agrees to be bound to the terms of this Section on transferring the Interest, in the same manner. If you do not sell the Interest or the Assets within the 60-day period, then any later attempted transfer by you of the Interest or the Assets is again subject to the restrictions stated in this Agreement.

(h) All transferees are subject to all of the restrictions on transfer of ownership imposed on you under this Agreement.

ARTICLE 11 - DEFAULT AND TERMINATION

Section 11.1 Termination by You - After Notice and Right to Cure

If you have substantially complied with this Agreement and we materially breach this Agreement, you may give us written notice of the nature of the breach. If we do not cure the breach within 30 days, or within a longer period if the nature of the breach is such that we cannot cure within 30 days, you have the right to terminate this Agreement. You may also terminate this Agreement upon the mutual written agreement with us. Any termination of this Agreement by you other than as stated above is a wrongful termination by you. Your termination of this Agreement under this Section does not release or modify your obligations under ARTICLES 12 and 13.

Section 11.2 Termination by Us - Without notice

(a) Subject to applicable law, this Agreement automatically terminates without notice to you or giving you an opportunity to cure on the date that any of the following Events of Default occurs:

- (i) You damage our Business System through violation of federal, state or local laws;
- (ii) You make a general assignment for the benefit of creditors;
- (iii) You, or any Guarantor thereof, file a petition in bankruptcy, a petition for involuntary bankruptcy is filed against you, you consent to the petition, or the petition is not dismissed within 60 days;

(iv) You or any Guarantor thereof, are adjudicated as bankrupt, a bill in equity or other proceeding for the appointment of a receiver or other custodian for your Huey Magoo's Restaurant or its assets is filed, and you consent to it;

(v) A court appoints a receiver or other custodian (permanent or temporary) of your Huey Magoo's Restaurant or its assets, or proceedings for a composition with creditors under federal or any state law is commenced by or against you;

(vi) A final judgment in excess of \$25,000 remains unsatisfied for 30 days or longer (unless you file a supersedeas bond); or

(vii) Execution is levied against the assets of your Huey Magoo's Restaurant, or suit to foreclose any lien or mortgage against the assets of your Huey Magoo's Restaurant is filed against you and is not dismissed within 45 days.

(b) You will notify us within 3 days of the occurrence of any of the events described in Subsection 11.2(a).

Section 11.3 Termination by Us - After Notice

We may terminate all rights granted to you under this Agreement, without affording you any opportunity to cure the default, effective immediately upon notice to you, if any of the following Events of Default occur:

(a) You abandon the Huey Magoo's Restaurant, or you lose the right of possession of the Restaurant Location after the expiration of all redemption periods and you have not satisfied the provisions of Section 1.4, if applicable.

(b) You forfeit the right to do or transact business in the jurisdiction where your Huey Magoo's Restaurant is located.

(c) You violate any health or safety law, ordinance or regulation, and you do not correct the violation within 3 days after written notice from us or a governmental authority. If you cannot reasonably cure in this time, then you must begin taking all reasonable steps to cure within this time and complete a cure in no more than 30 days after receipt of written notice.

(d) You, your Designated Representative or the Manager, or any officer, director, or Franchise Owner, are convicted of a felony, a crime of moral turpitude or any other crime or offense that we reasonably believe is likely to have a material adverse effect on the Business System, the Intellectual Property, the goodwill associated with the Intellectual Property, or our interest in any of the Intellectual Property, unless you immediately and legally terminate that individual's relationship with you.

(e) You deny us the right to inspect your Huey Magoo's Restaurant or to audit your records.

(f) You engage in conduct that we determine is deleterious to or reflects unfavorably on you, the Huey Magoo's Restaurant or the Business System in that the conduct exhibits a

disregard for the physical or mental well-being of employees, customers, our representatives or the public at large, including, but in no manner limited to, battery, assault, sexual harassment or discrimination, racial harassment or discrimination, alcohol or drug abuse or other forms of threatening, outrageous or unacceptable behavior.

(g) You attempt to encumber or transfer any rights or obligations under this Agreement (including transfers of any interest in a business entity that owns the Huey Magoo's Restaurant) in violation of this Agreement without our written consent and/or fail to pay us the Transfer Fee.

(h) Any breach occurs under Sections 6.2 or 13.1 concerning confidentiality and/or noncompetition covenants.

(i) You knowingly maintain false records or knowingly submit any false reports to us.

(j) You misuse or make any unauthorized use of the Intellectual Property or otherwise materially impair the goodwill associated with the Intellectual Property or our rights in the Intellectual Property.

(k) There is a material adverse change in the financial condition of a Guarantor.

(l) You fail to operate the Huey Magoo's Restaurant in full compliance with the terms of this Agreement, the Manuals or the system standards or fail to achieve or exceed System standards in two (2) inspections in any twelve (12) month period.

(m) You fail to pay when due any sum required to be paid by you under this Agreement or any other agreement or instrument between Franchisor and Franchisee.

(n) You fail on three (3) or more separate occasions within any period of twelve (12) consecutive months to submit reports or other information supporting records when due.

(o) You have received three or more notices of default for same or similar default during any twelve (12) consecutive months.

Section 11.4 Termination by Us - After Notice and Right to Cure

(a) **Monetary Defaults.** With respect to monetary defaults, you have 10 days after delivery from us of a written Notice of Default specifying the amount due to pay us the full amount due plus interest, late charges and our attorneys' fees. Failure to remedy the monetary defaults within 10 days of receipt of Notice of Default shall be an Event of Default giving us the right to terminate this Agreement.

(b) **Non-Monetary Defaults.** With respect to non-monetary defaults, except as otherwise provided in Sections 11.2 and 11.3, you have 30 days after delivery from us of a written Notice of Default specifying the nature of the default to remedy any default and provide evidence of cure satisfactory to us. If you fail to cure any default within that time or if the correction is of a nature that requires more than 30 days and we extend the period to cure, and you fail to diligently pursue such correction as soon as reasonably possible, you have committed an Event of Default giving us the right to terminate this Agreement. In addition to the Events of Default specified in

Sections 11.2 and 11.3, it is an Event of Default if you fail to comply with any requirement imposed by this Agreement, as it may be revised or supplemented by the policies and procedures we adopt from time to time or as may be set forth in any Manuals. You have the burden of proving that you properly and timely cured any default, to the extent we permit a cure under this Agreement.

(c) **Immediate Termination After 24 Hours to Cure.** If a default under this Agreement occurs that violates any health, safety or sanitation law or regulation, violates any system standard as to food handling, cleanliness, health and/or sanitation, or if the operation of the Huey Magoo's Restaurant presents a health or safety hazard to your customers or to the public (for example, improper cooking or storage procedures used for chicken tenders): (i) you will have no more than 24 hours after we provide written notice of the default to cure the default; and (ii) if you fail to cure the default within the 24-hour period, this Agreement will terminate effective immediately on our issuance of written notice of termination.

(d) **Cessation of Services.** During a cure period, we reserve the right to refuse to provide services or products to you without our being in default of this Agreement.

ARTICLE 12 - YOUR OBLIGATIONS UPON TERMINATION OR NONRENEWAL

Upon our termination of this Agreement or upon the expiration and nonrenewal of the Agreement, the Sections of this ARTICLE apply to the parties' rights and obligations.

Section 12.1 Cease Operation of the Huey Magoo's Restaurant

You will immediately cease operating the Huey Magoo's Restaurant. You will not, directly or indirectly, use any of the Intellectual Property. You will not represent yourself as a present or former Franchisee of us or in any other way affiliate yourself with the Intellectual Property or use the Business System. You will immediately cease using all stationery, signage and other materials containing the Intellectual Property. You will also immediately cease using all telephone numbers for the Huey Magoo's Restaurant. You authorize us to take whatever actions are necessary to comply with this Section and in accordance with the Telephone Number and Directory Advertising and Assignment Agreement, the form of which is included as Exhibit F to this Agreement. You must cease using our Website. You must cease using any URL and Internet addresses used for your Huey Magoo's Restaurant that we do not own and immediately transfer to us the URL and Internet addresses.

Section 12.2 Payment of Outstanding Amounts

We will retain all fees paid under this Agreement except for refunds expressly required in this Agreement. You must pay to us all unpaid Royalty Fees, Advertising Contributions, amounts owed for products or services you purchased from us, and all other amounts owed to us within 10 days after the effective date of the termination, or any later dates as we determine that amounts are due to us. You must also pay all Affiliates, Designated Suppliers, Approved Suppliers and other creditors the amounts you owe to them.

Section 12.3 Discontinuance of Use of Trade Name

You must immediately cancel any fictitious, trade or assumed name registration that contains our trademark, trade name or service mark or colorable imitation of our trademark, trade name or service mark. You will furnish us with evidence of compliance with this obligation within 30 days after our termination or the expiration of this Agreement. If you fail to cancel, you appoint us as your attorney-in- fact to do so.

Section 12.4 Our Option to Purchase Certain Assets Used in Your Huey Magoo's Restaurant

(a) We have the option to purchase from you all the assets used in your Franchise Business by giving you written notice within 30 days from the date of termination, whether at the end of any term (that is not renewed) or due to your default. As used in this Section, "assets" means all equipment, vehicles, furnishings, fixtures, signs, inventory (non-perishable products, materials and supplies), leasehold improvements and the lease for the Restaurant Location. We have the unrestricted right to assign this option to purchase. We are entitled to all customary warranties given by a seller of a business, including: (i) ownership, condition and title to the assets; (ii) the absence of liens and encumbrances on the assets; and (iii) validity of contracts and liabilities, inuring to us or affecting the assets, contingent or otherwise. The purchase price for the assets of your Franchise Business is their fair market value, determined as of the effective date of purchase, in a manner consistent with reasonable depreciation of your leasehold improvements equipment, vehicles, furnishings, fixtures, signs and other depreciable assets of your Huey Magoo's Restaurant. The purchase price will take into account the termination of the Franchise granted under this Agreement and will not contain any factor or increment for any trademark, service mark or other commercial symbol used in the operation of your Huey Magoo's Restaurant.

(b) The parties will agree on the fair market value within 30 days after your receipt of our notice exercising our option. Absent agreement, within 10 days thereafter, the parties will select an independent appraiser to determine the fair market value. If the parties are unable to agree on the appraiser, the parties will each select an appraiser, and the 2 appraisers will select a third independent appraiser (the "Third Appraiser"). The Third Appraiser will determine the fair market value. If either party fails to select timely an appraiser, the appraiser selected by the other party will select the Third Appraiser. You will give the Third Appraiser full access to your Huey Magoo's Restaurant, the Restaurant Location and your records during normal business hours to conduct the appraisal. The parties will pay the Third Appraiser's costs equally.

(c) We will pay the purchase price in cash at the closing of the purchase. The closing will take place within 90 days after your receipt of our notice of exercise. At the closing, you will deliver instruments transferring to us good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests assumable and acceptable to us) with all transfer taxes paid. If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will be in escrow. The parties will comply with all applicable legal requirements, including the bulk sales provisions of the Uniform Commercial Code of the state where your Huey Magoo's Restaurant is located, if any, and the bulk sales provisions of any applicable tax laws and regulations. You will pay all tax liabilities incurred in the operation of your Huey Magoo's Restaurant before or at the closing of

the purchase. We have the right to set off against and reduce the purchase price by all amounts you owe to us, and the amount of any encumbrances or liens against the assets or any obligations we assume.

(d) If we exercise the option to purchase, pending the closing of the purchase, we have the right to appoint a Manager to maintain the operation of your Huey Magoo's Restaurant under Section 2.16. Alternatively, we may require you to close your Huey Magoo's Restaurant until the closing without removing any assets if the landlord consents. You will maintain in force all insurance policies required in this Agreement until the date of closing. If you lease the Restaurant Location, we agree to use reasonable efforts to either assume the lease, or effect a termination of the lease and enter into a new lease. If we assume your lease, we will indemnify you from any ongoing liability under the lease that occurs after the date we assume possession of the Restaurant Location. If you own the Restaurant Location, upon purchase of the assets, you will enter into a new lease with us. The lease will be on terms comparable for similarly leased commercial properties in the area for a term of at least 10 years and for a rental equal to the fair market rental value of the Restaurant Location. The Appraiser (selected in the manner described above) will determine the rental value, if the parties cannot agree on the fair market rental value of the Restaurant Location.

Section 12.5 Distinguishing Operations

(a) If we do not exercise our option under Section 12.4 and you desire to remain in possession of the Restaurant Location, you may only operate a business that does not violate your covenant not to compete. You must make all modifications to the Restaurant Location immediately upon termination of this Agreement as necessary to distinguish the appearance of the Restaurant Location from that of other Huey Magoo's Restaurants.

(b) You must immediately remove all identifying architectural superstructure and signage on, about or in the Restaurant Location bearing the name or logos of Huey Magoo's (or any name or logo similar to Huey Magoo's), in the manner we specify. You will hold all property belonging to us for delivery to us, at our expense, upon request. If you are unable to remove any signage within 1 Business Day of the termination or expiration of this Agreement you must completely cover the signage until the time of its removal. If you fail or refuse to comply with this obligation, we have the right to enter the Restaurant Location, without being guilty of trespass or any other tort for the purpose of removing the signage and storing them at another location, at your reasonable expense (for signage not owned by us) payable by you on demand.

(c) Until you complete all modifications and alterations required by this Section, you must maintain a conspicuous sign at the Restaurant Location in a form we specify stating that your business is no longer associated with our Business System. You also must advise all customers or prospective customers calling your new telephone number that your new business is no longer associated with our Business System.

(d) If you fail or refuse to comply with the requirements of this Section, we have the right to enter upon the Restaurant Location to make all changes as may be required at your expense and at your sole risk. We have no responsibility for any actual or consequential damages to your

property or others, and without liability for trespass or other tort or criminal act. You agree that your failure to make these alterations will cause us irreparable injury.

Section 12.6 Unfair Competition

You agree, if you continue to operate or later begin to operate any other business, you will not engage in any unfair competition as that term has been interpreted under 15 U.S.C. § 1125(a), commonly known as Section 43(a) of the Lanham Act or under Florida law including trademark infringement, passing off, false advertising, misappropriation and unfair competition. This Section does not relieve, directly or indirectly, your obligations under ARTICLE 13.

Section 12.7 Return of Materials

You will immediately deliver to us all Confidential Information including the Manuals in your possession or control, and all copies and any other forms of reproductions of these materials. You agree that all these materials are our exclusive property.

Section 12.8 Our Purchase Rights of Items Bearing Intellectual Property

Even if we do not exercise our option under Section 12.4, we have the option (but not the obligation), upon notice to you within 30 days after termination or expiration, to purchase any assets used in the Huey Magoo's Restaurant bearing the Intellectual Property. This includes signs, advertising materials, supplies, inventory or other items at a price equal to the lesser of your cost or fair market value (less a 20% restocking charge). If the parties fail to agree on fair market value, the parties will use the same appraisal process described in Subsection 12.4(b). If we elect to exercise our option to purchase, we will have the right to set off all amounts due from you under this Agreement and % the cost of the Third Appraisal, if any, against any payment to you. If you fail to sign and deliver to us the necessary documents to transfer good title to these assets, we are entitled to apply to any court of competent jurisdiction for a mandatory injunction and specific performance to compel you to comply with our rights granted in this Agreement. You will pay to us all of the expenses, including our reasonable attorneys' fees relating to our exercise of this option or we will credit these expenses against the purchase price.

Section 12.9 Liquidated Damages for Premature Termination

If we terminate this Agreement due to your default or you terminate this Agreement without cause, you will pay us a lump sum payment (as liquidated damages for causing the premature termination of this Agreement and not as a penalty) to the lesser of Fifty Thousand Dollars (\$50,000) or the average projected royalties for the unexpired period of the Term. The parties agree that a precise calculation of the full extent of the damages that we will incur on termination of this Agreement as a result of your default is difficult to calculate and the parties desire certainty in this matter. The average royalties for the unexpired period of the term shall be equal to the average Royalties owed to us during the 12 months of operation preceding the effective date of the termination multiplied by the number of months remaining in the Term. The parties agree that the lump sum payment is reasonable in light of the damages for premature termination that we will incur in this event. You are also liable for pre-judgment and post-judgment interest and our attorneys' fees and costs. Other than a claim for monetary damages or lost profits, this

payment is not exclusive of any other remedies that we have including a right to injunctive relief. This payment does not relieve you from your obligations that survive the termination or expiration of this Agreement including the obligations of indemnification, confidentiality and non-competition.

ARTICLE 13 - YOUR INDEPENDENT COVENANTS

Section 13.1 Diversion of Business; Competition and Interference With Us.

(a) **Covenant Not to Compete.** You agree that we would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among the Franchisees if we permit Franchisees to hold interests in any Competitive Business. Accordingly, you agree at any geographic location whatsoever during the Initial Term or any Successor Term of this Agreement and for 2 years immediately following the later of (i) the termination, expiration or non-renewal of the Franchise Agreement or any Successor Franchise Agreement or the transfer of your Huey Magoo's Restaurant or (ii) the date on which the Undersigned begins to comply with this Section 13.1, you and your officers, agents, Franchise Owners, servants, and all others in active concert or participation with will not directly or indirectly (except as we otherwise approve in writing):

(i) Be involved with a Competitive Business as owner, officer, director, investor, manager, employee, agent, lender, landlord, sublessor, broker, consultant, franchisee or any other capacity (this restriction will not apply to a 5% or less beneficial interest in a publicly-held corporation) having a location (i) at the Restaurant Location, in your Limited Protected Territory or within 3 miles of the perimeter of your Limited Protected Territory; or (ii) within 3 miles of any Franchised Restaurant or Company-Owned Restaurant then in operation or under contract, or within 3 miles of the perimeter of (or within) another Franchisee's Limited Protected Territory;

(ii) Solicit for employment or hire our management personnel, the management personnel of any of our affiliates or the management personnel of any other Franchised or Company-Owned Restaurant without first obtaining any written permission from us and the employer(s) of the personnel in question;

(iii) Divert any business that should be handled by the Restaurant Location to any other person or entity (including, by way of example, interfering with, disturbing, disrupting, harming or attempting to diminish any relationships, agreements or understandings, written or oral, decrease or otherwise jeopardize our business or the business of any of our Franchisees, Business Associates or any other Huey Magoo's locations, customers, employees, shareholders, suppliers, vendors, lenders or creditors); or

(iv) Sell, assign, lease, sublease or otherwise grant possession of your Restaurant and/or Restaurant Location to any individual or entity which intends to utilize same to conduct a Competitive Business thereat (and it shall be your affirmative duty in connection with any such sale, assignment or other disposition of your Restaurant and/or Restaurant Location to secure a written memorialization from the purchaser, assignee,

lessee, sublessee or permittee that it has no intent to conduct a Competitive Business, as herein defined, following the subject transaction).

The provisions of this Section 13 are intended to apply to any person or entity within a legal or beneficial interest in or traceable to, down or through you be bound by the provisions of this covenant, including (without limitation) your spouse, brother, brother-in-law, sister, sister-in-law, parents, parents-in-law, child, son-in-law or daughter-in-law; any direct or indirect beneficiary of yours; and, any other related person or entity, regardless of how many levels or tiers there may be between you and the person or entity.

It is the intention of the parties that this Section 13 be interpreted so as to be valid under applicable law and, if required for validity, any court or applicable tribunal may reduce or alter the geographic scope and duration of this Section 13, by substitution of words or otherwise, so as to create the broadest permissible protection to Franchisor.

If you are a business entity, you agree to cause your (as applicable) owners, members, shareholders, directors, officers, partners, general partner, proprietor and or any other beneficial owner to refrain from any of the competitive activities described above in any manner which we reasonably request. In all instances, you shall also cause your Restaurant Manager and all other key management employees of your Restaurant refrain from of any of the competitive activities described above in any manner which we reasonably request. Your agreement to procure the execution of our Confidentiality and Non-Compete Agreement from certain such individuals is set forth below.

(b) **Procurement of Additional Covenants.** You agree to require and obtain the execution of our form of Confidentiality and Non-Compete Agreement (annexed hereto as Exhibit B-1) and our form of Confidentiality Agreement (annexed hereto as Exhibit B-2) from the applicable individuals as set forth below.

(i) **Confidentiality and Non-Compete Agreement.** You shall require and obtain execution of our form of Confidentiality and Noncompetition Agreement, in the form attached hereto as Exhibit B from any or all of the following persons: all officers, directors, members and your owners of 5% or more of any securities and/or ownership interests in your entity, and of any entity directly or indirectly controlling you. You shall procure all Confidentiality and Non-Compete Agreements no later than ten days following the Effective Date (or, if any individual or entity attains any status identified above after the Effective Date, within ten days following such individual or entity's attaining such status) and shall furnish to us copies of all executed Confidentiality/Non-Competition Agreements within ten (10) days following their execution. Your failure by to obtain execution of a covenant required by this Section 13.1 shall constitute a default under Article 11 hereof.

(ii) **Confidentiality Agreement.** You agree to require and obtain the execution of our Confidentiality Agreement substantially in the form of Exhibit B-2 from all of your non-managerial personnel before employment (or, in the case of any independent contractors, before engagement) or any promotion.

(c) **Enforcement of Covenants Not to Compete.** You acknowledge that any violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to us for which no adequate remedy at law will be available. Accordingly, you consent to the entry of an injunction prohibiting any conduct by you in violation of the terms of the covenants not to compete set forth in this Agreement. You expressly agree that any violation of the covenants not to compete will conclusively be deemed to have been accomplished by and through your unlawful use of our Confidential Information, know-how, methods and procedures. Further, you expressly agree that any claims you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants not to compete in this Agreement. You agree to pay all costs and expenses, including reasonable attorneys' and experts' fees that we incur in connection with the enforcement of the covenants not to compete set forth in this Agreement.

(d) **Liquidated Damages.** In addition to our right to seek injunctive relief, if you compete with us directly or indirectly including conspiring with a family member or third party in violation this Subsection, we have the right to require that you report to us all sales made by the Competitive Business. You will also pay to us, on demand, a weekly fee of \$1,000 without the fee deemed to have revived or modified this Agreement. These payments are liquidated damages to compensate us for our damages from your violation of the covenant not to compete and are not a penalty.

(e) **Reasonableness of Covenant.** You agree that the length of the term and geographical restrictions contained in this Section are fair and reasonable and are not the result of overreaching, duress or coercion of any kind. You agree that your full, uninhibited and faithful observance of each of the covenants in this Section will not cause you any undue hardship, financial or otherwise. The enforcement of each of the covenants in this Section will not impair your ability to obtain employment commensurate with your abilities and on terms fully acceptable to you or otherwise to obtain income required for the comfortable support of yourself and your family, and the satisfaction of your creditors. You agree that your special knowledge of the business operated by a Huey Magoo's Restaurants (and anyone acquiring this knowledge through you) would cause us and our Franchisees serious injury and loss if you (or anyone acquiring this knowledge through you) were to use this knowledge to the benefit of a competitor or were to compete with us or any of our Franchisees. Accordingly, you agree that the restriction in this Section preclude unfair competition. You further agree that such covenants not to compete do not impose a greater restraint than is necessary to protect our goodwill and other legitimate business interests.

(f) **Your and Our Enforcement of Confidentiality and Non-Compete and Confidentiality Agreements.** You agree to vigorously and vigilantly prosecute to the fullest extent permitted by law breaches of any Confidentiality and Non-Compete Agreement and/or Confidentiality Agreement executed by any of the individuals referenced in Section 13.1(b), and you acknowledge our right, to be exercised as we alone determine, to ourselves and enforce the terms of any such executed Confidentiality and Non-Compete Agreement. and/or Confidentiality Agreement If the substantive provisions of our Confidentiality and Non-Compete Agreement have been breached by an individual employed, engaged or otherwise serving your franchised Business who has not executed a Confidentiality and Non-Compete Agreement and/or Confidentiality

Agreement, you must nevertheless vigorously and vigilantly prosecute such conduct to the fullest extent permitted by law.

(g) **Tolling**. You agree that the 24-month period will be tolled for any period during which you are in breach of the covenants or any other period during which we seek to enforce this Agreement.

(h) **Court Modification**. If all or any portion of the covenants not to compete set forth in this Section 13 are held unreasonable, void, vague or illegal by any court or agency with competent jurisdiction over the parties and subject matter, the court or agency is hereby empowered to revise and/or construe the covenants to fall within permissible legal limits, and should not by necessity invalidate the entire covenants. You expressly agree to be bound by any lesser covenants subsumed within the terms of this Section **Error! Reference source not found.** as if the resulting covenants were separately stated in and made a part of this Agreement.

Section 13.2 Independent Covenants; Third Party Beneficiaries

(a) **Independent Covenants**. The parties agree that the covenants in this ARTICLE are independent of any other provision of this Agreement. You agree that the existence of any claim you may have against any affiliate or us under this Agreement or otherwise, is not a defense to our enforcement of these covenants.

(b) **Third Party Beneficiaries**. The parties agree that all other Franchisees are third party beneficiaries of the terms of Section 13.1. A Franchisee has the right to enforce these covenants at its expense without our joinder or participation, if we are unwilling or unable to enforce these covenants, but without any liability to the Franchisee on our part.

ARTICLE 14 – INDEPENDENT CONTRACTOR AND INDEMNIFICATION

Section 14.1 Independent Status

You are an independent contractor. Nothing in this Agreement is intended to designate either party an agent, legal representative, subsidiary, joint venturer, joint employer, partner, employee, affiliate or servant of the other party for any purpose, unless expressly provided in this Agreement to the contrary. The parties agree that nothing in this Agreement authorizes either party to make any agreement, warranty or representation on behalf of the other party, nor to incur any debt or other obligation in the other party's name. You will take all affirmative action we request to indicate that you are an independent contractor, including placing and maintaining a plaque in a conspicuous place within the Restaurant Location and a notice on all stationery, business cards, sales literature, contracts and similar documents that states that your Huey Magoo's Restaurant is independently owned and operated by you. The content of any plaque and notice is subject to our written approval.

None of your employees will be considered to be our employees. Neither you nor any of your employees whose compensation you pay may in any way, directly or indirectly, expressly or by implication, be construed to be our employee for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. We will not have

the power to hire or fire your employees. You must communicate to all employees that you, not us, are their employer; and you must ensure that no payroll checks or other employment-related documents (such as job applications and W-2s) contain or reference the Marks or our name. Each of the parties will file its own tax, regulatory, and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof. You expressly agree, and will never contend otherwise, that our authority under this Agreement to certify certain of your employees for qualification to perform certain functions for your franchised Huey Magoo's Restaurant does not directly or indirectly vest in us the power to hire, fire or control any such employee.

You acknowledge and agree, and will never contend otherwise, that you alone will exercise day-to-day control over all operations, activities and elements of your franchised Huey Magoo's Restaurant and that under no circumstance shall we do so or be deemed to do so. You further acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of the Business System which you are required to comply with under this Agreement, whether set forth in our Manuals or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your Restaurant, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of your franchised Huey Magoo's Restaurant.

You promise that you will not avail yourself of any rights or remedies at law or in equity that may arise from an assertion that: (i) you are our agent, legal representative, subsidiary, joint venturer, partner, employee, or servant; or (ii) we are a joint employer for your employees. If such a claim is brought against us, we may use your covenant in this Section 14.1 as an absolute defense against such claim. Further, if any such claim is brought against us or our affiliates and subsidiaries, and their respective current and former officers, directors, shareholders, partners, employees, predecessors, successors, attorneys, agents, representatives, and assigns, you will indemnify, defend, and hold harmless any such party from and against any such claim.

Section 14.2 Indemnification

(a) **Our Indemnification.** You are responsible for all losses or damages from contractual liabilities to third persons from the possession, ownership and operation of your Huey Magoo's Restaurant and for all claims for damages to property or for injury, illness or death of persons directly or indirectly resulting from your or your employees' and agents' action or inaction. You agree to indemnify, defend and hold us harmless from all costs, losses and damages (including reasonable attorneys' fees and costs, even if incident to appellate, post-judgment or bankruptcy proceedings) from claims brought by third parties involving your ownership and/or operation of your Huey Magoo's Restaurant, unless caused by our negligence or intentional misconduct. This indemnity obligation continues in full effect after the expiration, transfer or termination of this Agreement. We will notify you of any claims. You have the opportunity to assume the defense of the matter. If you fail to assume the defense, we may defend the action using our own counsel in any manner we deem appropriate. You will pay to us all costs, including attorneys' fees that we incur in effecting the defense, in addition to any sum that we may pay by any settlement or judgment against us. Our right to indemnity under this Agreement arises and is

valid regardless of any joint or concurrent liability imposed on us by statute, ordinance, regulation or other law.

(b) **Your Indemnification.** We fully protect, indemnify and defend you and your affiliates and hold you and them harmless from and against any and all claims, demands, damages and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of our Company-Owned Huey Magoo's Restaurants (regardless of cause or any concurrent or contributing fault or negligence of you) or any breach by us or our failure to comply with the terms and conditions of this Agreement.

Section 14.3 Franchisee is the Sole and Exclusive Employer of its Employees

Franchisee hereby irrevocably affirms, attests and covenants its understanding that in no fashion is Franchisee, or may Franchisee be deemed to be, Franchisor's employee (under any theory or definition of "employee" or "employment") and that Franchisee's employees are employed exclusively by Franchisee and in no fashion is Franchisee or any such employee either employed, jointly employed or co-employed by Franchisor. Franchisee further affirms and attests that each of its employees is under the exclusive dominion and control of Franchisee and never under the direct or indirect control of Franchisor in any fashion whatsoever. Franchisee alone hires each of its employees; sets their schedules; establishes their compensation rates; and, pays all salaries, benefits and employment-related liabilities (workers' compensation insurance premiums/payroll taxes/Social Security contributions/Affordable Care Act contributions/unemployment insurance premiums). Franchisee alone has the ability to discipline or terminate its employees to the exclusion of Franchisor, which has no such authority or ability. Franchisee further attests and affirms that any minimum staffing requirements established by Franchisor are solely for the purpose of ensuring that Franchisee's Restaurant is at all times staffed at those levels necessary to operate Franchisee's Restaurant in conformity with the Business System and the products, services, standards of quality and efficiency, and other Huey Magoo's brand attributes known to and desired by the consuming public and associated with the Proprietary Marks. Franchisee affirms, warrants and understands that it may staff its Restaurant with as many employees as it desires at any time so long as Franchisor's minimal staffing levels are achieved. Franchisee also affirms and attests that any recommendations it may receive from Franchisor regarding salaries, hourly wages or other compensation for employees are recommendations only, designed to assist it to efficiently operate its Restaurant, and that Franchisee is entirely free to disregard Franchisor's recommendations regarding such employee compensation. Moreover, Franchisee affirms and attests that any training provided by Franchisor for Franchisee's employees is geared to impart to those employees, with ultimate authority, the various procedures, protocols, systems and operations of a franchised Restaurant and in no fashion reflects any employment relationship between Franchisor and such employees. Finally, should it ever be asserted that Franchisor is the employer, joint employer or co-employer of Franchisee or any of Franchisee's employees in any private or government investigation, action, proceeding, arbitration or other setting, Franchisee irrevocably agrees to assist Franchisor in defending said allegation, including (if necessary) appearing at any venue requested by Franchisor to testify on Franchisor's behalf (and, as may be necessary, submitting itself to depositions, other appearances and/or preparing affidavits dismissive of any allegation that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees). To the extent Franchisor is the only named party in any such investigation, action, proceeding, arbitration or other setting to the exclusion of

Franchisee, then should any such appearance by Franchisee be required or requested by Franchisor will recompense Franchisee the reasonable costs associated with Franchisee appearing at any such venue (including travel, lodging, meals and per diem salary). Franchisee will indemnify and hold harmless us and the other Indemnitees to the fullest extent permitted by law against all claims, losses, liabilities and costs from any claim, however and wherever asserted, that we or our affiliates are the employer, joint employer or co-employer of you and/or your employees (including, without limitation, any claims against us for your violation of federal, state or local labor and/or wage and hour laws, rules and regulations). Accordingly, in accordance with Article 9, you shall obtain and maintain insurance coverage of such type, nature and scope sufficient to satisfy this indemnification obligation.

ARTICLE 15 - REPRESENTATIONS AND WARRANTIES

Section 15.1 Our Representations

We make the following representations and warranties to you that are true and correct upon the signing of this Agreement:

(a) **Organization.** We are a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware.

(b) **Authorization.** We have the company power to sign, deliver, and carry out the terms of this Agreement. We have taken all necessary action for proper authorization. This Agreement has been duly authorized, signed and delivered by us and is our valid, legal and binding agreement and obligation in accordance with this Agreement, except as may be limited by applicable bankruptcy, insolvency, reorganization and other laws and equitable principles affecting creditors' rights generally.

(c) **No Violation.** Our performance of our obligations under this Agreement will not result in: (i) the breach of any term of any contract or agreement to which we are a party to or that we are bound by, or be an event that, with notice, lapse of time or both, would result in a breach or event of default; or (ii) the violation by us of any statute, rule, regulation, ordinance, code, judgment, order, injunction or decree.

Section 15.2 Your Representations

You make the following representations and warranties to us that are true and correct upon signing this Agreement and throughout the Initial Term:

(a) **Organization.** If you are a business entity (including a corporation, limited liability company, general partnership or limited partnership), you are organized under the laws of the state of your principal place of business (or another state which you have identified to us) and your business entity is in good standing with and qualified to do business in each state and political/governmental subdivision having jurisdiction over your franchised Huey Magoo's Restaurant.

(b) **Authorization.** You have the power to sign, deliver, and carry out this Agreement. You have taken all necessary action for proper authorization. This Agreement has been duly

authorized, signed and delivered by you and is your valid, legal and binding agreement and obligation in accordance with this Agreement, except as may be limited by applicable bankruptcy, insolvency, reorganization and other laws and equitable principles affecting creditors' rights generally.

(c) **No Violation.** The performance by you of your obligations under this Agreement will not result in: (i) the breach of any term of, or be a default under, any term of any contract, agreement or other commitment to which you are a party to or you are bound by, or be an event that, with notice, lapse of time or both, would result in a breach or event of default; or (ii) the violation by you of any statute, rule, regulation, ordinance, code, judgment, order, injunction or decree.

(d) **No Speculative Intent.** You are not obtaining the Huey Magoo's Restaurant for speculative or investment purposes and have no present intention to sell or transfer or attempt to sell or transfer any part of this Agreement or the assets comprising the Huey Magoo's Restaurant.

(e) **True Copies.** Copies of all documents you furnished to us are correct copies of the documents, including all amendments or modifications, and contain no misleading or incorrect statements or material omissions.

Section 15.3 Receipt of Franchise Disclosure Document

You acknowledge you have received from us our Franchise Disclosure Document for the state of your residence and where your Huey Magoo's Restaurant will be located containing all exhibits to the Franchise Disclosure Document at least 14 days before: (a) you signed this Agreement and any other agreement with us imposing a binding obligation on you; and your paying any consideration to us for the sale or proposed sale of a Franchise.

Section 15.4 Receipt of Completed Franchise Agreement

You also acknowledge that you have received from us a completed copy of this Agreement and all related agreements, containing all material terms, (except for the date, signatures and any minor matters not material to the agreements) with all blanks filled in, at least 7 days before you signed this Agreement.

Section 15.5 Acknowledgment of Risk

You agree to the following:

(A) YOU AGREE THAT, IN ALL OF YOUR DEALINGS WITH US, OUR OFFICERS, DIRECTORS, EMPLOYEES, BROKERS (IF ANY) AND OTHER REPRESENTATIVES, ARE ACTING ONLY IN A REPRESENTATIVE CAPACITY AND NOT IN AN INDIVIDUAL CAPACITY. YOU AGREE THAT THIS AGREEMENT AND ALL BUSINESS DEALINGS BETWEEN YOU AND ANY INDIVIDUALS AS A RESULT OF THIS AGREEMENT ARE ONLY BETWEEN YOU AND US AND NOT THE INDIVIDUALS.

(B) IN ADDITION, WE MAKE NO WARRANTY AS TO YOUR ABILITY TO OPERATE THE RESTAURANT IN THE JURISDICTION WHERE YOU INTEND TO OPERATE YOUR RESTAURANT. IT IS YOUR OBLIGATION TO SEEK OR OBTAIN ADVICE OF COUNSEL SPECIFICALLY ON THIS ISSUE. IF A GOVERNMENTAL BODY ENACTS ANY LEGISLATION OR REGULATION THAT PREVENTS YOU FROM OPERATING YOUR RESTAURANT, WE ARE NOT LIABLE TO YOU FOR ANY DAMAGES. WE DO NOT HAVE TO INDEMNIFY YOU OR RETURN TO YOU ANY MONIES WE RECEIVED FROM YOU.

ARTICLE 16 - TERM

Section 16.1 Initial Term

The Initial Term of this Agreement will begin on the Agreement Date and expire 10 years from the Opening Date, unless sooner terminated under ARTICLE 11. The conditions to obtain a Successor Franchise Agreement at the expiration of this Agreement are those stated in Section 16.2.

Section 16.2 Option to Obtain Successor Franchise Agreement

(a) **Successor Term.** We grant you an option to obtain a Successor Franchise Agreement for a term of 10 years. You must satisfy all of the following conditions before the expiration of this Agreement, unless we specified another time below.

(i) You must give us written notice of your intention to exercise the option at least 6 months before but not more than 12 months before the end of the Initial Term.

(ii) You cannot be in default of any provision of this Agreement or any other agreement between you and us or our Affiliates at the time of renewal.

(iii) Within 30 days before the end of the Initial Term, you must sign and deliver to us a Successor Franchise Agreement. The Successor Franchise Agreement may have material business terms different from the terms of this Agreement and possibly a modification to the Limited Protected Territory. We are not obligated to provide any initial or other pre-opening obligations and you are not obligated to perform any pre-opening duties contained in the Successor Franchise Agreement that apply only to new franchisees. You must also sign all other agreements ancillary to the Successor Franchise Agreement.

(iv) You will not pay another Initial Franchise Fee but you will pay to us the Successor Term Fee in the amount set forth in Subsection 3.1(f).

(v) You and your shareholders (members), and your directors and officers (managers) must sign a general release, in the form attached as Exhibit M to the FDD, releasing any claims you may have against us and/or our subsidiaries and Affiliates, and their respective officers, directors, agents and employees.

(vi) You must be entitled to continue to occupy the Restaurant Location for the entire Successor Term including renewal rights or obtain our approval of a new location for the Huey Magoo's Restaurant within the Limited Protected Territory, but not within the Limited Protected Territory of a Company-Owned Restaurant or Franchised Restaurant, in accordance with our relocation procedures stated in Section 1.4.

(vii) You must complete to our reasonable satisfaction, all maintenance, refurbishing, renovating and upgrading to the Premise as we require. If renovation or maintenance of Your Huey Magoo's Restaurant is not possible or feasible, you must relocate Your Huey Magoo's Restaurant within your Limited Protected Territory but not within the exclusive territory of a Company-Owned Restaurant or another Franchise Restaurant;

(b) **Our Right Not to Grant Successor Term.** If you have not met all of the conditions stated in Subsection 16.2(a), or if you have received 4 or more notices of default during the Initial Term, even if you cured the defaults, we may elect not to enter into a Successor Franchise Agreement. Within 5 days after you receive our written notice that we have elected not to enter into a Successor Franchise Agreement, you may request our permission for you to sell your Huey Magoo's Restaurant. You will then have 180 days to sell the Huey Magoo's Restaurant, subject to our right of first refusal. This notice will extend the Initial Term, as necessary, to the end of the 180-day period, unless we have other grounds to terminate the Initial Term. This transfer must comply with the provisions of Subsection 10.2(g) and all the other applicable terms of this Agreement. During this period, you must continue to operate your Huey Magoo's Restaurant in accordance with the terms of this Agreement.

Section 16.3 Reinstatements and Extensions

If any termination or expiration of the Initial Term would violate any applicable law, we may reinstate or extend the Initial Term to comply with the law for the duration provided by us in a written notice to you, without waiving any of our rights under this Agreement or otherwise modifying this Agreement.

ARTICLE 17 - DISPUTE RESOLUTION

Section 17.1 Mediation

Except for the matters involving remedies in Section 17.3, for any dispute involving this Agreement, the disputing party must submit the dispute to non-binding mediation with the non-disputing party before a mutually agreeable mediator. Mediation must take place before the disputing party can file any demand for arbitration or complaint. Both parties will sign a confidentiality agreement reasonably satisfactory to both parties. The parties will conduct the mediation in Broward County, Florida. Each party will bear his, her or its own costs for the mediation and each party will pay 50% of the mediator's fee. If a disputing party refuses to mediate the dispute, the disputing party cannot file any demand for arbitration or complaint involving the matter in dispute. If the non-disputing party refuses to mediate, the non-disputing party has waived mediation and the disputing party may immediately file a demand for arbitration or complaint.

Section 17.2 Arbitration

(a) Except as specifically modified by this ARTICLE and matters involving the remedies in Section 17.3, any controversy or claim under this Agreement, including any claim that this Agreement, or any part of this Agreement, is invalid, illegal or otherwise voidable or void, including any claim of fraud in the inducement, must be submitted to arbitration before the American Arbitration Association or any other mutually agreeable arbitration association to be resolved by a single arbitrator.

(b) The provisions of this Section are independent of any other covenant or provision of this Agreement. If a court of competent jurisdiction determines that any provision is unlawful in any way, that court will modify or interpret the provisions to the minimum extent necessary to have the provisions comply with the law. All issues of the arbitrability and the enforcement of this Agreement to arbitrate are governed by the United States Arbitration Act (9 U.S.C. §§ 1 et seq.) and the federal common law of arbitration. The governing law will be the laws of the State of Florida including its statutes of limitation.

(c) All parties who may be legally responsible agree to participate in the arbitration and the parties must join all potential legal claims in the arbitration forum.

(d) The rules governing the conduct of the arbitration proceedings are consistent with generally prevailing standards of due process.

(e) The panel from which the arbitrator is chosen must be comprised of persons knowledgeable in the franchise industry and who have demonstrated a capability for unbiased decision.

(f) The arbitrator will permit limited discovery consistent with due process and the arbitrating organization's discovery rules and the discovery plan approved by the arbitrator.

(g) Before the actual hearing on the merits, either party may elect to have the arbitrator conduct a preliminary hearing. At this hearing, each party may present testimony and other

evidence. Either party may submit briefs including a brief stating their legal theories and the applicable statutory or common law, and the methods of measuring damages relating to the controversy or claim.

(h) The actual hearing on the merits must occur within 6 months of the date of the filing of the arbitration proceeding.

(i) The arbitrator must issue a reasoned written opinion on the merits within 30 days of the completion of the hearings on the merits.

(j) If any party to arbitration wishes to appeal any final award (there will be no appeal of interim awards or other interim relief), the party may appeal, within 30 days of the final award, to a 3-arbitrator panel appointed by the same organization that conducted the arbitration. The issues on appeal will be limited to the proper application of the law to the facts found at the arbitration hearing and will not include any trial de novo or other fact-finding function. The party requesting the appeal must pay all expenses charged by the arbitration appeal panel and/or arbitration organization in the appeal and must post any bond deemed appropriate by the arbitration organization or arbitration appeal panel. In addition, a party requesting appeal that does not prevail on the appeal will pay the attorneys' fees and other costs that the other party incurred in responding to the appeal.

(k) After 30 days from the issuance of the arbitration award, either party may enter judgment based on an arbitration award in any court having competent jurisdiction. The judgment is binding, final and non-appealable.

(l) If a party fails to pay their share of the costs of arbitration, the arbitrator may enter a judgment against that non-paying party as to liability but not as to damages. The arbitrator will conduct a special hearing for the paying party on the issue of damages.

(m) This arbitration provision is self-executing and remains in full effect after the expiration, transfer or termination of this Agreement. If either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against that party by default or otherwise.

Section 17.3 Exceptions to Mediation and Arbitration; Equitable Relief

(a) The obligation to mediate or arbitrate is not binding on either party for: (i) claims involving the Intellectual Property; (ii) claims involving any lease of real property between the parties or their related entities; (iii) your obligations upon the termination, transfer or expiration of this Agreement; (iv) any encumbrances or transfers restricted under this Agreement concerning interests in the Franchisee, the Huey Magoo's Restaurant and this Agreement; (v) matters involving actions that may impair the goodwill associated with the Intellectual Property; (vi) matters involving claims of danger, health or safety involving the Franchise, the employees, customers or the public; or (vii) requests for restraining orders, injunctions or other procedures in a court of competent jurisdiction to obtain specific performance when deemed necessary by any court to preserve the status quo or prevent irreparable injury pending resolution by mediation or arbitration of the actual dispute between the parties.

(b) You recognize that your Huey Magoo's Restaurant is just one of a large number of businesses identified by the Intellectual Property in selling to the public the products and services associated with the Intellectual Property. The failure on the part of a Franchisee to comply with the terms of the Franchise Agreement is likely to cause irreparable damage to us and damages at law would be an inadequate remedy. Upon your breach or threatened breach of any of the terms of this Agreement concerning any matters referenced in Subsection 17.3(a), we are entitled to seek an injunction restraining the breach and/or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and costs incurred in obtaining equitable relief. This equitable remedy is in addition to all remedies that we have by virtue of your breach of this Agreement. We are entitled to seek this relief without the posting of any bond or security or, if a bond is required by a court of competent jurisdiction, the parties agree that the sum of \$1,000 is a sufficient bond.

Section 17.4 Jurisdiction and Venue

(a) The parties irrevocably and unconditionally: (i) agree that any mediation, arbitration or suit, action or legal proceeding involving your Franchise Business or this Agreement will be conducted in the county where our principal place of business is then located or may be brought in the District Court of the United States, in the district where our principal place of business is then located or, if this court lacks jurisdiction, the courts of record of the state and county where our principal place of business is then located (currently, Broward County, Florida); (ii) consent to the jurisdiction of each court in any suit, action or proceeding; (iii) waive any objection that he, she or it may have to the laying of venue of any suit, action or proceeding in any of these courts; and (iv) agree that service of any court paper may be effected on the party by mail at the last known address, as provided in this Agreement, or in any other manner as may be provided under applicable laws or court rules in the state where our principal place of business is then located.

(b) The parties specifically agree that this Agreement requires systematic and continuous contact with the state where our principal place of business is located. These contacts include the payment of fees in state where our principal place of business is located, the supplying of financial and other information into the state where our principal place of business is located, training and orientation in the state where our principal place of business is located and the performance of other obligations under this Agreement. This exclusive choice of jurisdiction does not preclude the bringing of any action by the parties for the enforcement in any other appropriate jurisdiction of any judgment obtained in the state where our principal place of business is located. Our principal place of business is currently located in Broward County, Florida.

Section 17.5 Enforcement Costs

If any legal action is permitted and instituted pursuant to Section 17.3, the prevailing party is entitled to recover reasonable pre-institution and post-institution attorneys' fees, court costs and all expenses even if not taxable as court costs (including all fees and expenses incident to arbitration, appellate, bankruptcy and post-judgment proceedings), incurred in the action or proceeding, in addition to any other relief that the party is entitled. Attorneys' fees include paralegal fees, administrative costs, investigative costs, costs of expert witnesses, court reporter fees, sales and use taxes, if any, and all other charges billed by the attorneys to the prevailing party.

If we engage a collection agency or legal counsel for your failure to pay when due any monies owed under this Agreement or submit when due any reports, information or supporting records, or for any failure otherwise to comply with this Agreement, you must reimburse us on demand for all of the above-listed expenses we incur.

Section 17.6 Governing Law

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq. or the United States Arbitration Act, 9 U.S.C. §§ 1 et seq.), this Agreement and any other agreement between the parties and all transactions contemplated by this Agreement and all disputes between the parties are governed by the laws of the State of Florida without regard to principles of conflicts of laws.

Section 17.7 Waiver of Punitive Damages Claims

THE PARTIES WAIVE ALL RIGHT TO ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT UPON A DISPUTE BETWEEN THEM, EACH IS LIMITED TO THE RECOVERY OF ACTUAL DAMAGES HE, SHE OR IT SUSTAINS.

Section 17.8 Waiver of Jury Trial

THE PARTIES WAIVE THE RIGHT TO A TRIAL BY JURY OF ALL CLAIMS MADE BETWEEN THEM WHETHER EXISTING NOW OR IN THE FUTURE, INCLUDING ALL CLAIMS, DEFENSES, COUNTERCLAIMS, CROSS CLAIMS, THIRD PARTY CLAIMS AND INTERVENOR'S CLAIMS INVOLVING THE SALE, NEGOTIATION, SIGNING OR PERFORMANCE OF THE TRANSACTIONS INVOLVING THIS AGREEMENT.

ARTICLE 18 - DEFINITIONS

Section 18.1 Definitions

As used in this Agreement, the following terms have the following meanings:

“Advertising Contributions” means the payments described in Subsection 3.1(c).

“Advertising Fund” means the fund described in Section 7.5 into which we will deposit the Advertising Contributions described in Subsection 3.1(c) to be used to purchase various advertising, marketing, and promotional materials and advertising and marketing programs.

“Affiliates” means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 under the United States Securities Act of 1933.

“Agreement” means this Huey Magoo’s Franchise Agreement, as it may be amended, supplemented or otherwise modified by the parties under Section 19.1.

“Agreement Date” means the date set forth on page 1 of this Agreement.

“Approved Supplier” means a supplier of a particular product or service, possibly among several other suppliers, that we have approved.

“Authorized Menu” means the latest version of the Menu contained in the Operations and Policies Manual.

“Business Associate” means any of our managerial personnel, officers, directors, agents, consultants, representatives, contractors, suppliers, distributors, franchisees or other business contacts.

“Business Day” means the days and hours of operation as outlined in the Manuals, as updated from time to time, typically the period from 11:00 a.m. to 9:00 p.m. Monday through Thursday and Sunday and 11:00 a.m. to 10:00 p.m. Friday and Saturday, except for designated holidays.

“Business System” means our unique business system for a casual restaurant that features chicken tenders, beverages, and unique food service and other products prepared according to specified recipes and procedures, some of which include proprietary spices, batter, sauces and mixes and services using certain standards and specifications; sources of supply; uniform standards; procedures for the management of the Huey Magoo’s Restaurant and customer service; advertising and promotional materials and programs; assistance and training in the operation, management and promotion of the Huey Magoo’s Restaurant; our Manuals; and bookkeeping and accounting methods and procedures; all of which we may change, improve and further develop doing business under the Principal Trademark “Huey Chicken Tenders.”

“Capital Expenditure Limitation” means total capital expenditures we impose upon you under this Agreement every 7 years but not to exceed \$75,000.

“Company-Owned Restaurant” means a Huey Magoo’s Restaurant operated under the Business System and owned by us or any Affiliate or Predecessor.

“Competitive Business” means a casual or fast casual restaurant that sells or offers to dispense prepared food products the same as or similar to the type sold in Huey Magoo’s Restaurants and; any business establishment that sells or offers to dispense chicken tenders.

“Confidential Information” means information, formulas, ideas, discoveries, technical data, designs, devices, technology, know-how, research and development, inventions, methods, processes, and compositions, whether or not patentable, including, without limitation the following: recipes; kitchen equipment specifications; customer letters; guest books; vendor lists and related information; any Manuals, and other information made available to you “containing” confidential and proprietary information and our trade secrets; including information developed during the Initial Term or Successor Term that derives independent economic value from being

not generally known or readily ascertainable by other persons who could obtain economic value from its disclosure or use, yet, excluding information that is in the public domain.

“Cooperative” means the regional advertising cooperative described in Section 7.3.

“Copyrights” means original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device, including, without limitation, any Manuals, any marketing and advertising materials, forms, lists, schedules and other documents and materials in whatever form that we or our Affiliate assert copyright rights regardless of whether the copyrighted work has been registered with the Copyright Office of the United States Library of Congress.

“Daily Gross Revenues Report” means the report described in Section 8.2.

“Designated Representative” means the person you designate in Exhibit D to act on your behalf as described in Subsection 4.5(b).

“Designated Supplier” means a supplier from whom you must purchase certain products or services for your Huey Magoo’s Restaurant.

“Design Specifications” means the specifications described in Subsection 2.3.

“DMA” or **“Designated Market Area”** means a designated marketing area, which is a geographic area defined by Nielsen Media Research Company as a group of counties that make up a particular television market. These counties comprise the major viewing audience for the television stations located in their particular metropolitan area. For the most part, the metropolitan areas correspond to the standard metropolitan statistical areas defined by the Federal Government Office of Management and Budget. The areas do not overlap, and every county in the United States belongs to only one DMA.

“Enforcement Costs” means the costs described in Section 17.5.

“Entity Transfer Fee” means the fee described in Section 10.2(b)(vi).

“Event of Default” means a breach of this Agreement including, without limitation, those situations described in Sections 10.2(a), 10.2(d), 11.2, 11.3 and 11.4, assuming any requirement for the giving of notice, the lapse of time, or both, or any other condition is satisfied.

“Franchise” means the rights granted to you under this Agreement.

“Franchise Disclosure Document” or **“FDD”** means our current Franchise Disclosure Document and its Exhibits.

“Franchisee” means the individuals or business entity upon signing this Agreement or another person who is a party with us under another Franchise Agreement.

“Franchised Restaurant” means a Huey Magoo’s Restaurant owned and operated under the Business System by a franchisee.

“Generally Accepted Accounting Principles” means those standards, conventions and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements. Generally Accepted Accounting Principles are derived, in order of importance, from: (i) issuances from an authoritative body designated by the American Institute of Certified Public Accountants (“AICPA”) Council; (ii) other AICPA issuances including AICPA Industry Guides; (iii) industry practice; and (iv) accounting literature in the form of books and articles.

“Grand Opening Advertising Program” means that certain grand opening advertising and promotional program established by the Franchisor and amended from time to time in the sole discretion of Franchisor.

“Gross Revenues” means the entire amount of all of your revenues and income from any source that you directly or indirectly derive or receive from, through, by it on account of the ownership or operation of your Huey Magoo’s Restaurant (including, without limitation, income related to take-outs, catering operations, digital and online sales including through third-party online ordering and/or delivery aggregators, special events and revenues and income from permitted non-restaurant operations conducted under or using the Marks and the proceeds of any business interruption insurance), whether the income and revenues are evidenced by cash, credit, checks, or gift certificates (unless exempted by us) and the fair market value of any services, property or other means of exchange, excepting only the amount of any sales taxes that are collected and paid to the taxing authority (based on the cash method of accounting). We allow the deduction of cash refunded and credit given to customers and receivables uncollectible from customers in computing Gross Revenues to the extent that the cash, credit or receivables represent amounts previously included in Gross Revenues where Royalty Fees and Advertising Contributions were paid. Gross Revenues excludes customer refunds, employee meals, customer discounts, coupon sales, sales and other taxes collected from customers and transmitted to the applicable taxing authority. We deem that you have received Gross Revenues at the time the goods, products, merchandise or services from which Gross Revenues are derived are delivered or rendered, or at the time the relevant sale takes place, whichever occurs first. We may, from time to time, authorize certain other items to be excluded from Gross Revenues. Any such permission may be revoked or withdrawn at any time in writing by us in our business judgment.

“Guarantor” means the person, persons or business entity that signs a Guaranty of Franchisee’s Obligations Agreement or Guaranty Agreement, as the Guarantor, with us for the purpose of guaranteeing to us and our Affiliates, and their respective successors and assigns, every obligation of the Franchisee to us and our Affiliates, and their respective successors and assigns.

“Huey Magoo’s Restaurant” or **“Restaurant”** means the chicken tenders restaurant we authorize you to establish and operate under the Business System and other Intellectual Property pursuant to the terms of this Agreement.

“Initial Franchise Fee” means the fee described in Subsection 3.1(a).

“Initial Term” means the term described in Section 16.1.

“Initial Training” means the training described in Subsection 2.8(a).

“Intellectual Property” means the Trademarks, Copyrights, Trade Dress, Patents, and the Confidential Information we or our Affiliates own that you are entitled to use under this Agreement as described in ITEMS 13 and 14 of the FDD.

“Limited Protected Territory” means an area mutually agreed upon by the parties and more precisely described in Exhibit A.

“Local Advertising Expenditure Requirement” means the minimum monthly amount that you must expend on Local Advertising and Promotion.

“Local Advertising and Promotion” means (i) advertising, promotion and marketing you undertake in media directed primarily in your local market area including television, radio, newspapers, magazines, billboards, posters, handbills, direct mail, yellow pages, sports program booklet advertising, church bulletins, collateral promotional and novelty items (for example, matchbooks, pens and pencils, bumper stickers, calendars) that prominently display the Intellectual Property; (ii) advertising on public vehicles including cabs and buses; (iii) the cost of producing materials necessary to participate in these media; (iv) agency commissions on the production of the advertising; and (v) amounts paid to an approved regional advertising cooperative or to a merchant’s association for advertising where you are a member. Local Advertising does not include: (i) payments to the Advertising Fund; (ii) payments for permanent on- premises signs; (iii) purchasing or maintaining vehicles even though the vehicles display in some manner the Intellectual Property (except the cost of the materials displayed are included); (iv) contributions or sponsorships (unless the Intellectual Property are prominently displayed by the group or activity receiving the contribution or sponsorship); (v) premium or similar offers including discounts, price reductions, special offers, free offers and sweepstake offers (except that the media costs associated with promoting the premium offers are included); (vi) employee incentive programs; and (vii) other similar payments that we may determine in our sole discretion should not be included in determining whether you have met your obligation for Local Advertising.

“Manager” means you or any other person you designate, in accordance with this Agreement, to act as the manager of the subject Franchised Restaurant.

“Manuals” means all manuals (including, our Operations and Policies Manual) produced by, or for the benefit of, us and loaned to you and any revisions prepared for your internal use involving the operation and management of the Huey Magoo’s Restaurant. The Manuals may consist of printed text, manuals, electronic documents, software, audio materials, images, videos, and other information provided in printed form, on electronic storage media such as hard drives, computer discs, USB Thumb Drives, the internet, an extranet, audiotapes, videotapes, or any other medium. The Manuals are part of our Intellectual Property to which access is restricted under the terms of the Franchise Agreement. They contain, among other things, confidential and proprietary

information concerning the development and operation of your Huey Magoo's Restaurant, and are original creative works of ours protected under the US Copyright Act.

“Menu Items” means chicken tenders and other products and beverages prepared according to our specified recipes and procedures, as we may modify and change them from time to time.

“National Account” means any customer with which we have signed a National Account Agreement and which has locations in the Exclusive Territories of 2 or more Franchisees and which we designate as a national account.

“Network” means the group of Company-Owned Restaurants and Franchised Restaurants each operating a Huey Magoo's Restaurant.

“New Employee Training” means training equivalent to Initial Training as described in Subsection 2.13(j).

“Non-Traditional Site” mean an Restaurant that serves primarily the customers located within the facility, including: (i) captive audience facilities (examples include parks charging admission, stadiums, amusement parks and centers, and theaters); (ii) limited purpose facilities (examples include airports, transportation centers, department stores, business and industrial complexes, museums, educational facilities, hospitals, and recreational parks); (iii) limited access facilities (examples include military complexes, buyer club businesses, educational facilities, and business and industrial complexes); (iv) other types of institutional accounts; and (v) temporary event locations (e.g., food shows, trade shows, athletic competitions, trade competitions, fundraisers or charitable events, conventions, fairs, and other community gatherings).

“Notice of Default” means the notices described in Section 11.4.

“Opening Date” means the date your Huey Magoo's Restaurant is first opened for business to the general public.

“Restaurant” means either a Company-Owned Restaurant or a Franchised Restaurant.

“Payment System” means the system created by you to make payments to us as described in Section 3.3.

“POS System” means the computerized cash registers, printer and modem or other computer hardware and software you must purchase in accordance with our specifications contained in the Manuals.

“Franchise Owner” shall mean each person or entity which has a direct or indirect equity interest in your company of five percent (5%) or more regardless of whether such owner is entitled to vote thereon provided, however, that a reduction in a Franchise Owner's equity interest below five percent (5%) shall not affect his/her/its status as a Franchise Owner unless such reduction is the result of the transfer of all his/her/its equity interests in compliance with this Agreement.

“**Principal Trademarks**” means the words “Huey Magoo’s Chicken Tenders” the name under which every Restaurant does business and the words and design.

“**Private Label Products**” all products that are manufactured for us and our franchisees under the “Huey Magoo’s” label.

“**Rebates**” means the payments described in Subsection 7.5(d).

“**Recipe**” means instructions for preparing seasoning, batter, ingredients, or food products associated with the Business System, including, without limitation, a list of required ingredients, quantity requirements, steps of preparation, cooking temperatures and durations, and other procedures to be followed as part of the preparation process.

“**Successor Term Fee**” means the fee described in Subsection 3.1(f).

“**Successor Franchise Agreement**” means our then-current form of Franchise Agreement for new Franchisees at the time you elect to renew the franchise relationship in accordance with Section 16.2.

“**Successor Term**” means the term of the Successor Franchise Agreement signed at the time the parties renew the franchise relationship.

“**Restaurant Location**” means the location of the entire real property and improvements, either owned or leased by you, and approved by us to open and operate your Huey Magoo’s Restaurant as identified in Exhibit A annexed hereto.

“**Royalty Fee**” means the fee described in Subsection 3.1(b).

“**Secret Recipe Products**” means recipes and products created by us and deemed secret.

“**Technology Fee**” means the fee described in Subsection 4.3.

“**Trade Dress**” means the various store designs and images we developed and own for the Huey Magoo’s Restaurant as it may be revised and developed by us, the distinctive exteriors of the Huey Magoo’s Restaurant, the distinctive interior decor, the distinctive menus, distinctive uniforms worn by staff, as well as the many other items, which together form the overall look and feel of the restaurant and its products and services.

“**Trademarks**” means the Principal Trademarks and all other trademarks, service marks, trade names, logos and commercial symbols (including, without limitation, Trade Dress) authorized by us as part of the Business System.

“**Trainees**” means the persons approved by us who attend either Initial Training, New Employee Training or any subsequent and equivalent training conducted by us.

“Training” means some or all of the following instruction as determined by Franchisor, in its sole discretion, based on the previous experiences and responsibilities of those being trained: instruction regarding restaurant development, food preparation, product purchasing and sources of supply, as well as instruction in marketing, promotion and advertising, merchandising techniques, sales techniques, customer service techniques and procedures for services.

“Transfer Fee” means the fee described in Subsection 3.1(e).

“Unique Consideration” means the consideration described in Subsection 10.5(c).

“Website” means www.HueyMagoos.com.

“You” means any individual that owns an equity interest in the business entity signing this Agreement as Franchisee.

“You” or **“Your”** means the person, persons or business entity that signs this Agreement as the Franchisee.

Section 18.2 Other Definitional Provisions

(a) All of the words or terms defined in this Agreement have these defined meanings when used in other documents issued under or delivered under this Agreement unless the context otherwise requires or unless specifically otherwise defined in the other document; and

(b) The term “person” includes any corporation, limited liability company, partnership, estate, trust, association, branch, bureau, subdivision, venture, associated group, individual, government, institution, instrumentality and other entity, enterprise, association or endeavor of every kind.

ARTICLE 19 - GENERAL PROVISIONS

Section 19.1 Amendments

Except as provided in this Agreement, a party cannot amend, supplement or change the provisions of this Agreement except by an Amendment to Franchise Agreement signed by the parties. Only an authorized officer of ours has the authority to sign an Amendment to Franchise Agreement on our behalf.

Section 19.2 Our Approval or consent

Whenever our approval or consent is required under this Agreement, our approval or consent will not be unreasonably withheld, conditioned or delayed (by more than 10 days), unless we have specifically retained sole discretion to approve or consent.

Section 19.3 Modification of the Business System

YOU AGREE THAT AFTER THE AGREEMENT DATE WE MAY MODIFY THE BUSINESS SYSTEM UNDER THE TERMS OF THIS AGREEMENT. YOU AGREE TO ABIDE BY ANY MODIFICATIONS IN THE BUSINESS SYSTEM AS IF THEY WERE PART OF THIS AGREEMENT AT THE TIME THE PARTIES SIGNED THIS AGREEMENT. YOU WILL MAKE ALL EXPENDITURES AND MODIFICATIONS OF THE BUSINESS SYSTEM, AS WE REQUIRE SUBJECT TO THE CAPITAL EXPENDITURE LIMITATION.

Section 19.4 Binding Effect

The provisions of this Agreement binds, benefits and are enforceable by the parties and their respective personal representatives, legal representatives, heirs, successors and permitted assigns.

Section 19.5 Notices

All notices, requests, consents and other communications required or permitted under this Agreement must be in writing and sent by USPS, FedEx or UPS addressed to:

If to Us:

Huey Magoo’s Restaurants, LLC
Attn: Legal Department
6220 Hazeltine National Dr., Suite 110
Orlando, FL 32822

With a copy to:

Kaufmann Gildin & Robbins LLP
767 Third Avenue, 30th Floor
New York, New York 10017
Attention: Michelle Murray-Bertrand, Esq.

If to You:

or to any other address any party designates by notice complying with the terms of this Section. The parties agree that each notice is deemed delivered on the date delivered or first attempted delivery by USPS, FedEx or UPS.

Section 19.6 Headings

The headings and subheadings in this Agreement are for convenience of reference only, are not to be considered a part of this Agreement and will not limit or otherwise affect in any way the meaning or interpretation of this Agreement.

Section 19.7 Severability

(a) If any provision of this Agreement or any other agreement entered into under this Agreement is contrary to, prohibited by or invalid under applicable law or regulation, that term only will be inapplicable and omitted to the extent so contrary, prohibited or invalid. The parties agree that the remainder of this Agreement continues in full effect so far as possible. If any provision of this Agreement can be construed in more than one way, one that renders the term invalid or otherwise voidable or unenforceable and another that renders the term valid and enforceable, that provision has the meaning that renders it valid and enforceable.

(b) If a law of any applicable jurisdiction requires us to give a greater notice of the termination of or non-renewal of this Agreement (if permitted) than is required under this Agreement, or requires us to take of some other action not required under this Agreement, or if under a law of any applicable jurisdiction, any term of this Agreement or any of our requirements is invalid or unenforceable, the notice and/or other action required by that law will be substituted for the comparable provisions of this Agreement. We have the right, in our sole discretion, to modify any invalid or unenforceable requirement to the extent to make it valid and enforceable. Any modification to this Agreement will be effective only in that jurisdiction, unless we elect to give the modification greater applicability, and this Agreement is enforceable as originally entered into by the parties in all other jurisdictions.

Section 19.8 Waivers

The failure or delay of a party to require performance by another party of any term of this Agreement, even if known, will not affect the right of that party to require performance of that provision or to exercise any right or remedy under this Agreement. Any waiver by any party of a breach of any term of this Agreement is not a waiver of any continuing or later breach of that term, a waiver of the term itself, or a waiver of any right or remedy under this Agreement. No notice to or demand on any party in any case, of itself, entitles that party to any other notice or demand in similar or other circumstances.

Section 19.9 Remedies Cumulative

Except as otherwise stated in this Agreement, no remedy in this Agreement for any party is intended to be exclusive of any other remedy. Each remedy is cumulative and is in addition to every other remedy given under this Agreement, now or later existing, at law, in equity, by statute or otherwise. No single or partial exercise by any party of any right or remedy under this Agreement precludes any other exercise of any other right or remedy.

Section 19.10 Effectiveness; Counterparts

This Agreement is not effective or binding and enforceable against us until we accept this Agreement at our home office in Orlando, Florida and an authorized officer of ours signs this Agreement. We advise you not to incur any expenses for opening your Huey Magoo's Restaurant until you have received a final signed copy of this Agreement. The parties may sign this Agreement in counterparts, including electronic signature, each of which is a duplicate original, but together are the same instrument. Confirmation of signing by sending the signature page by facsimile, telecopy or e-mail binds any party to the confirmation.

Section 19.11 Survival

The parties' obligations that expressly or by their nature survive the expiration or termination of this Agreement continue in full force after the transfer, expiration or termination of this Agreement until they are satisfied or by their nature expire.

Section 19.12 Force Majeure

Neither party is liable for loss or damage or is in breach of this Agreement, if the failure to perform his, her or its obligations is based solely from the following causes beyond his, her or its reasonable control: (a) transportation shortages, inadequate supply of equipment, merchandise, supplies, labor, material, or energy; (b) compliance with any applicable law; or (c) war, terrorism, civil commotion, any governmental act or regulation, computer network outages, pandemics or epidemics, lockouts, strikes, natural disaster or acts of God. Any delay resulting from any of these causes extends performance accordingly or excuses performance as may be reasonable, except that these causes do not excuse payments of amounts owed to us for any reason.

Section 19.13 Third Parties

Except as provided in this Agreement to the contrary for other Franchisees, nothing in this Agreement, whether express or implied, confers any rights or remedies under this Agreement on any person (including other Franchisees) other than the parties and their respective personal representatives, other legal representatives, heirs, successors and permitted assigns. Except as provided in this Agreement to the contrary for any designee, nothing in this Agreement relieves or discharges the obligation or liability of any third person to any party to this Agreement, nor does any provision give any third person any right of subrogation or action over or against any party to this Agreement.

Section 19.14 Interpretation

Each of the parties agree that he, she or it has been or has had the opportunity to be represented by its own counsel throughout the negotiations and at the signing of this Agreement and all of the other documents signed incidental to this Agreement. You will not, while this Agreement is effective or after its termination or expiration, claim or assert that any term of this Agreement or any of the other documents be construed against us.

Section 19.15 Entire Agreement

This Agreement and all other written agreements involving this Agreement and expressly referenced in this Agreement, represent the entire understanding and agreement between the parties on the subject matter of this Agreement and supersede all other negotiations, understandings and representations, if any, made between the parties. No representations, inducements, promises or agreements, oral or otherwise, if any, not contained in this Agreement or all other written agreements concerning this Agreement and expressly referenced in this Agreement, are of any effect. Nothing in this Agreement or in any related document is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you.

[signature page follows]

IN WITNESS WHEREOF, the parties have duly signed this Agreement as of the date first written above.

HUEY MAGOO’S RESTAURANTS, LLC FRANCHISEE [ENTITY]

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

**STATE ADDENDA TO
HUEY MAGOO'S RESTAURANTS, LLC FRANCHISE AGREEMENT**

CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of California:

1. In Section 13.1(a)(ii) of the Franchise Agreement (“Covenant Not to Compete”), the “no-poach” clause is removed in its entirety.
2. Section 13.1 of the Franchise Agreement (“Covenant Not to Compete”) contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
3. Section 17.4 of the Franchise Agreement (“Jurisdiction and Venue”) requires venue to be limited to the laws of the State of Florida. This provision may not be enforceable under California law.
4. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
5. California Business and Professions Code 20000 through 20043 provide rights to the franchisee concerning transfer, termination, or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.
6. With respect to franchises sold in California, upon the termination or nonrenewal of a franchise, a franchisor may offset against the amounts owed to a franchisee under Section 20022 of the California Business and Professions Code any amounts owed by the franchisee to the franchisor, provided the franchisee agrees to the amount owed or the franchisor has received a final adjudication of any amounts owed. Such proviso shall apply notwithstanding the Franchisor's general right of set-off referred to in Section 5.06(D) of the Franchise Agreement.
7. With respect to franchises sold in California, a franchisor is prohibited from modifying a franchise agreement, or requiring a general release, in exchange for any assistance related to a declared state or federal emergency.
8. This Addendum may be executed in counterparts, which together shall constitute one and the same instrument. Signatures via DocuSign, .PDF file, facsimile, or other electronic format have the same force and effect as originals.

[Signature page follows.]

Dated: _____

FRANCHISEE:

If an entity:

(Name of Entity)

By: _____

Its _____
(Title)

(Print Name)

If an individual:

(Signature)

(Print Name)

(Signature)

(Print Name)

Dated: _____

HUEY MAGOO'S RESTAURANTS, LLC

By: _____

Name: _____

Title: _____

HAWAII ADDENDUM TO FRANCHISE AGREEMENT

1. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

2. This Addendum may be executed in counterparts, which together shall constitute one and the same instrument. Signatures via DocuSign, .PDF file, facsimile, or other electronic format have the same force and effect as originals.

[Signature page follows.]

Dated: _____

FRANCHISEE:

If an entity:

(Name of Entity)

By: _____

Its _____
(Title)

(Print Name)

If an individual:

(Signature)

(Print Name)

(Signature)

(Print Name)

Dated: _____

HUEY MAGOO'S RESTAURANTS, LLC

By: _____

Name: _____

Title: _____

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

1. Illinois law governs the Franchise Agreement(s).
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
3. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
5. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
6. This Addendum may be executed in counterparts, which together shall constitute one and the same instrument. Signatures via DocuSign, .PDF file, facsimile, or other electronic format have the same force and effect as originals.

[Signature page follows.]

Dated: _____

FRANCHISEE:

If an entity:

(Name of Entity)

By: _____

Its _____
(Title)

(Print Name)

If an individual:

(Signature)

(Print Name)

(Signature)

(Print Name)

Dated: _____

HUEY MAGOO'S RESTAURANTS, LLC

By: _____

Name: _____

Title: _____

INDIANA ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions will supersede and apply:

1. The laws of the State of Indiana supersede any provisions of the Franchise Agreement or Florida law if such provisions are in conflict with Indiana law. The Franchise Agreement will be governed by Indiana law, rather than Florida law, as stated in Section 17.6 of the Franchise Agreement (“Governing Law”).
2. Venue for litigation will not be limited to the state and county where our principal place of business is then located, as specified in Section 17.4 of the Franchise Agreement (“Jurisdiction and Venue”).
3. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as a material breach of the franchise agreement, will supersede the provisions of Article 11 of the Franchise Agreement (“Default and Termination”) in the State of Indiana to the extent they may be inconsistent with such prohibition.
4. No release language set forth in the Franchise Agreement will relieve the Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.
5. Section 13.1(c) of the Franchise Agreement (“Enforcement of Covenants Not to Compete”) will not apply to franchises offered and sold in the State of Indiana.
6. Section 13.1(a) of the Franchise Agreement (“Covenant Not to Compete”) is revised to limit the geographical extent of the post-term covenant not to compete to Franchisee's Limited Protected Territory for all franchises sold in the State of Indiana.
7. The second paragraph of Section 17.3 (“Exceptions to Mediation and Arbitration; Equitable Relief”) of the Franchise Agreement will not apply to franchises offered and sold in the State of Indiana.
8. Section 17.7 of the Franchise Agreement (“Waiver of Punitive Damages Claims”) is deleted from the Franchise Agreement.
9. Notwithstanding the terms of Section 14.2(a) of the Franchise Agreement (“Our Indemnification”), Franchisee will not be required to indemnify Franchisor for any liability caused by Franchisee’s proper reliance on or use of procedures or materials provided by Franchisor or caused by Franchisor’s negligence.
10. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
11. This Addendum may be executed in counterparts, which together shall constitute one and the same instrument. Signatures via DocuSign, .PDF file, facsimile, or other electronic format have the same force and effect as originals.

[Signature page follows]

Dated: _____

FRANCHISEE:

If an entity:

(Name of Entity)

By: _____

Its _____
(Title)

(Print Name)

If an individual:

(Signature)

(Print Name)

(Signature)

(Print Name)

Dated: _____

HUEY MAGOO'S RESTAURANTS, LLC

By: _____

Name: _____

Title: _____

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

The following provisions will supersede anything to the contrary in the Franchise Disclosure Document or Franchise Agreement and will apply to all franchises offered and sold under the laws of the State of Maryland:

1. The following language is added to Sections 4.1(a) (“Site Approval”), 16.2(a)(v) (“Successor Term”) and 10.2(g)(x) (“Permitted Transfer”) of the Franchise Agreement: Notwithstanding anything to the contrary herein, pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
2. Any claims arising under the Maryland Franchise Registration and Disclosure Laws must be brought within three years after the grant of the Franchise.
3. Section 17.4 of the Franchise Agreement (“Jurisdiction and Venue”) is amended to add the following statement: “Notwithstanding anything herein to the contrary, a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”
4. The following sentence is added at the end of Section 19.7 of the Franchise Agreement (“Severability”): “This Section is not intended to, nor will it, act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”
5. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
6. This Addendum may be executed in counterparts, which together shall constitute one and the same instrument. Signatures via DocuSign, .PDF file, facsimile, or other electronic format have the same force and effect as originals.
7. Section 34.02 (“Your Acknowledgments”) is deleted.

[Signature page follows]

Dated: _____

FRANCHISEE:

If an entity:

(Name of Entity)

By: _____

Its _____
(Title)

(Print Name)

If an individual:

(Signature)

(Print Name)

(Signature)

(Print Name)

Dated: _____

HUEY MAGOO'S RESTAURANTS, LLC

By: _____

Name: _____

Title: _____

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions will supersede and apply:

1. The following language will appear at the end of Section 17.4 of the Franchise Agreement (“Jurisdiction and Venue”):

“Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.”

2. No release language set forth in the Franchise Agreement will relieve the Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota.
3. Minnesota law provides franchisees with certain termination and non-renewal rights. Minnesota Statutes, Section 80C.14, subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement.
4. Franchisor will protect Franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
5. The second sentence of Section 13.1(c) of the Franchise Agreement (“Enforcement of Covenants Not To Compete”) is amended to read as follows:

“Accordingly, you consent to the seeking of an injunction prohibiting any conduct by you in violation of the terms of the covenants not to compete set forth in this Agreement.”

6. Any claims arising under Minnesota Statutes, Chapter 80C must be brought within three years after the cause of action accrues.
7. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
8. This Addendum may be executed in counterparts, which together shall constitute one and the same instrument. Signatures via DocuSign, .PDF file, facsimile, or other electronic format have the same force and effect as originals.

[Signature page follows.]

Dated: _____

FRANCHISEE:

If an entity:

(Name of Entity)

By: _____

Its _____
(Title)

(Print Name)

If an individual:

(Signature)

(Print Name)

(Signature)

(Print Name)

Dated: _____

HUEY MAGOO'S RESTAURANTS, LLC

By: _____

Name: _____

Title: _____

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document or Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold under the laws of the State of New York:

1. The last sentence of the third paragraph of Section 7.01 of the Franchise Agreement (“Confidential Operating Brand Standards; Policy Statements”) is amended to read as follows:

“The Brand Standards and any additions, deletions, revisions or Supplements to the Brand Standards are material in that they will affect the operation of the franchised Business, but they will not conflict with or materially alter your rights and obligations under this Agreement or place an excessive economic burden on your operations.”

2. Sections 4.1(a) (“Site Approval”), 16.2(a)(v) (“Successor Term”) and 10.2(g)(x) (“Permitted Transfer”) of the Franchise Agreement are each amended to include the following language immediately following the requirement that Franchisee execute a General Release:

“Provided, however, that all rights enjoyed by Franchisee and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force; it being the intent of this proviso that the non-waiver provisions of GBL, Section 687.4 and 687.5 be satisfied.”

3. The fourth sentence of Section 13.1(c) of the Franchise Agreement (“Enforcement of Covenants Not To Compete”) is amended to read as follows:

“Accordingly, you consent to the seeking of an injunction prohibiting any conduct by you in violation of the terms of the covenants not to compete set forth in this Agreement.”

4. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
5. This Addendum may be executed in counterparts, which together shall constitute one and the same instrument. Signatures via DocuSign, .PDF file, facsimile, or other electronic format have the same force and effect as originals.

[Signature page follows.]

Dated: _____

FRANCHISEE:

If an entity:

(Name of Entity)

By: _____

Its _____
(Title)

(Print Name)

If an individual:

(Signature)

(Print Name)

(Signature)

(Print Name)

Dated: _____

HUEY MAGOO'S RESTAURANTS, LLC

By: _____

Name: _____

Title: _____

NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions will supersede and apply:

1. The laws of the State of North Dakota supersede any provisions of the Franchise Agreement or New York law if such provisions are in conflict with North Dakota law. The Franchise Agreement will be governed by North Dakota law, rather than Florida law, as stated in Section 17.6 of the Franchise Agreement (“Governing Law”).
2. Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of North Dakota, is deleted from Franchise Agreements issued in the State of North Dakota. The site of any arbitration will be agreeable to all parties.
3. No release language set forth in the Franchise Agreement will relieve the Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of North Dakota.
4. Section 16.2(a)(v) of the Franchise Agreement (“Successor Term”) requires the execution of a general release upon renewal. This requirement is deleted from all Franchise Agreements used in the State of North Dakota.
5. Article 12 of the Franchise Agreement (“Further Obligations and Rights Following the Termination or Expiration of this Agreement”) may require franchisees to consent to termination or liquidated damages. This requirement is deleted from all Franchise Agreements used in the State of North Dakota.
6. Covenants restricting competition in the State of North Dakota, such as those found in Section 13.1 of the Franchise Agreement (“Covenant Not to Compete”), may be subject to Section 9-08-06 of the North Dakota Century Code. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.
7. Section 17.4 of the Franchise Agreement (“Jurisdiction and Venue”) requires that the franchisee consent to the jurisdiction of courts in the state and county where the Franchisor’s principal place of business is then located (currently Broward County, Florida). This requirement is deleted from all Franchise Agreements used in the State of North Dakota.
8. Section 17.7 of the Franchise Agreement (“Waiver of Jury Trial and Punitive Damages”) and Section 17.8 (“Waiver of Jury Trial”) requires the franchisee consent to a waiver of punitive damages and exemplary damages and a trial by jury, respectively. These requirements are deleted from all Franchise Agreements used in the State of North Dakota.
9. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
10. This Addendum may be executed in counterparts, which together shall constitute one and the same instrument. Signatures via DocuSign, .PDF file, facsimile, or other electronic format have the same force and effect as originals.

[Signature page follows.]

Dated: _____

FRANCHISEE:

If an entity:

(Name of Entity)

By: _____

Its _____
(Title)

(Print Name)

If an individual:

(Signature)

(Print Name)

(Signature)

(Print Name)

Dated: _____

HUEY MAGOO'S RESTAURANTS, LLC

By: _____

Name: _____

Title: _____

RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions will supersede and apply:

1. Any provision in the Franchise Agreement which designates the governing law as that of any state other than the State of Rhode Island is deleted from Franchise Agreements issued in the State of Rhode Island.
2. Section 19-28.1.-14 of the Rhode Island Franchise Investment Act, as amended by laws of 1993, provides that “a provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”
3. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
4. This Addendum may be executed in counterparts, which together shall constitute one and the same instrument. Signatures via DocuSign, .PDF file, facsimile, or other electronic format have the same force and effect as originals.

[Signature page follows.]

Dated: _____

FRANCHISEE:

If an entity:

(Name of Entity)

By: _____

Its _____
(Title)

(Print Name)

If an individual:

(Signature)

(Print Name)

(Signature)

(Print Name)

Dated: _____

HUEY MAGOO'S RESTAURANTS, LLC

By: _____

Name: _____

Title: _____

SOUTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provision shall supersede and apply:

1. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
2. This Addendum may be executed in counterparts, which together shall constitute one and the same instrument. Signatures via DocuSign, .PDF file, facsimile, or other electronic format have the same force and effect as originals.

[Signature page follows]

Dated: _____

FRANCHISEE:

If an entity:

(Name of Entity)

By: _____

Its _____
(Title)

(Print Name)

If an individual:

(Signature)

(Print Name)

(Signature)

(Print Name)

Dated: _____

HUEY MAGOO'S RESTAURANTS, LLC

By: _____

Name: _____

Title: _____

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions will supersede and apply:

1. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
2. This Addendum may be executed in counterparts, which together shall constitute one and the same instrument. Signatures via DocuSign, .PDF file, facsimile, or other electronic format have the same force and effect as originals.

[Signature page follows.]

Dated: _____

FRANCHISEE:

If an entity:

(Name of Entity)

By: _____

Its _____
(Title)

(Print Name)

If an individual:

(Signature)

(Print Name)

(Signature)

(Print Name)

Dated: _____

HUEY MAGOO'S RESTAURANTS, LLC

By: _____

Name: _____

Title: _____

WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT, ACKNOWLEDGMENT AND RELATED MATERIALS

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions will supersede and apply:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
2. RCW 19.100.180 may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. A release or waiver of rights executed by a Franchisee will not include rights under the Washington Franchise Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, and rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.
6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.
8. If any of the provisions in the franchise disclosure document or franchise agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over the inconsistent provisions of the franchise disclosure document and franchise agreement with regard to any franchise sold in Washington.

9. Section 16.2 (“Successor Term”) describe the Franchisee’s right to enter into one consecutive Successor Franchise Agreement and the conditions the Franchisee must satisfy in order to have the right to enter into a Successor Franchise Agreement, respectively. The Franchisor will have no obligation upon the termination of the first Successor Franchise Agreement to offer the Franchisee a continued right to operate its Huey Magoo’s Business, and the Franchisee may be required at that time to stop operating its restaurant as a Huey Magoo’s Restaurant and to comply with all post-termination obligations.
10. Section 13.1 of the Franchise Agreement (“Covenant Not to Compete”), and the Confidentiality and Non-Compete Agreement and Confidentiality Agreement attached to the Franchise Agreement, are each amended to add that non-parties to the Franchise Agreement are only bound to the confidentiality and/or non-competition provisions if they execute such Confidentiality and Non-Compete Agreement and Confidentiality Agreement themselves.
11. Section 13.1(e) of the Franchise Agreement (“Reasonableness of Covenant”) is revised such that the following provisions will not apply to franchises in the State of Washington: the statements that the franchisee agrees that the restrictive covenants are reasonable and necessary, and preclude unfair competition.
12. Sections 12.4 of the Franchise Agreement (“Our Option to Purchase Certain Assets Used in Your Huey Magoo’s Restaurant”) will be modified to be consistent with RCW 19.100.180(2), including that the franchisor shall purchase the assets referenced in the statute at their fair market value at the time of the early termination or non-renewal of the Franchise Agreement, with such amounts permitted to be offset by any amounts owed by the franchisee to the franchisor.
13. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
14. The franchisee’s obligations to indemnify, reimburse, and hold harmless referenced in Section 8.10 of the Franchise Agreement do not extend to liabilities caused by the Franchisor’s or the Franchisor Parties’ negligence, willful misconduct, criminal acts, strict liability, or fraud. In addition, the franchisee will not be required to indemnify the Franchisor or the Franchisor Parties for claims, causes of action, lawsuits, demands, proceedings, investigations, and/or hearings to the extent stemming from the Franchisor’s or the Franchisor Parties’ actual violation of state or federal franchise laws.
15. This Addendum may be executed in counterparts, which together shall constitute one and the same instrument. Signatures via DocuSign, .PDF file, facsimile, or other electronic format have the same force and effect as originals.

[Signature page follows.]

The undersigned does hereby acknowledge receipt of this Addendum.

Dated: _____

FRANCHISEE:

If an entity:

(Name of Entity)

By: _____

Its _____
(Title)

(Print Name)

If an individual:

(Signature)

(Print Name)

(Signature)

(Print Name)

Dated: _____

HUEY MAGOO'S RESTAURANTS, LLC

By: _____

Name: _____

Title: _____

WISCONSIN ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions will supersede and apply:

1. The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 will apply to and govern the provisions of the Franchise Agreement.
2. That Act's requirement, including the requirements that, in certain circumstances, a franchisee receives ninety (90) days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, will supersede the requirements of Article 17 of the Franchise Agreement ("Default and Termination") to the extent they may be inconsistent with the Act's requirements.
3. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
4. This Addendum may be executed in counterparts, which together shall constitute one and the same instrument. Signatures via DocuSign, .PDF file, facsimile, or other electronic format have the same force and effect as originals.

[Signature page follows.]

Dated: _____

FRANCHISEE:

If an entity:

(Name of Entity)

By: _____

Its _____
(Title)

(Print Name)

If an individual:

(Signature)

(Print Name)

(Signature)

(Print Name)

Dated: _____

HUEY MAGOO'S RESTAURANTS, LLC

By: _____

Name: _____

Title: _____

EXHIBIT A

**HUEY MAGOO'S RESTAURANTS, LLC
FRANCHISE AGREEMENT**

**RESTAURANT LOCATION; SITE SELECTION AREA; LIMITED PROTECTED
TERRITORY**

1. The Restaurant's physical address is _____. If you have not found and secured the Restaurant's Location as of the Effective Date, we and you will identify the Restaurant's physical address in the blank above after you find and secure the site within the following Site Selection Area: _____. (See attached map.) If there is a conflict between the map and the written description of the Site Selection Area, the written description shall control

2. The Restaurant's Limited Protected Territory is described as follows: _____. (See attached map). If there is a conflict between the map and the written description of the Limited Protected Territory, the written description shall control. If you have not found and secured the Restaurant's site as of the Effective Date, we will define the Limited Protected Territory in the blank above (and, if applicable, on the attached map) after you find and secure the site. If there is a conflict between the narrative description above and the attached map, the narrative description will control. (We may modify the Limited Protected Territory during the Franchise Agreement term if, with our prior written permission, which we have no obligation to grant, the Restaurant relocates.)

HUEY MAGOO'S RESTAURANTS, LLC FRANCHISEE [ENTITY]

By: _____ By: _____

Name: _____ Name: _____

Title: _____ Title: _____

Date: _____ Date: _____

EXHIBIT B-1

HUEY MAGOO'S RESTAURANTS, LLC FRANCHISE AGREEMENT

CONFIDENTIALITY AND NON-COMPETE AGREEMENT FOR FRANCHISEE, MANAGERS AND RELATED PARTIES

WHEREAS, the Undersigned (the "Undersigned") is a current or prospective franchisee ("Franchisee") or area developer ("Developer") of Huey Magoo's Restaurants, LLC ("Company") and/or the Undersigned is an affiliate subsidiary, franchisee, joint venturer or Franchise Owner (each a "Related Party"); and

WHEREAS, the Undersigned and/or its Related Parties has been or may be given access to certain confidential and proprietary information of the Company previously not available to the Undersigned; and

WHEREAS, the Company is only willing to commence or continue its relationship with Undersigned in the event Undersigned enters into this agreement (the "Agreement"); and

WHEREAS, the Company has entered into this Agreement with the Undersigned in order to ensure the confidentiality of Confidential Information in accordance with the terms of this agreement, to ensure that the Undersigned does not utilize such information to compete with the Company or unfairly disadvantage the Company, and/or to protect the investment made by the Company in the training and instruction of its employees and/or in negotiation with and education of Franchisees and Managers.

NOW, THEREFORE, the Undersigned hereby agrees as follows:

1. **Recitals.** The recitals set forth above are incorporated herein by this reference and shall be part of this Agreement.

2. **Confidential Information.** As used in this Agreement, the term "Confidential Information" shall mean:

- (a) methods, techniques, equipment, equipment vendors, specifications, standards, policies, procedures, information, concepts, and systems relating to and knowledge of and experience in the development, operation and franchising of Huey Magoo's® restaurant units; and
- (b) marketing and promotional programs for Huey Magoo's® restaurant units; and
- (c) knowledge concerning the logic, structure and operation of computer software programs which Company authorizes for use in connection with the operation of Huey Magoo's® restaurant units (including, without

limitation the point-of-sale cash register system required by Company for use in Huey Magoo's® Restaurant units), and all additions, modifications and enhancements thereof, and all data generated from use of such programs, including, without limitation, the logic, structure and operation of database file structures containing such data and all additions, modifications and enhancements thereof; and

- (d) sales data and information concerning consumer preferences and inventory requirements for products, customer counts, average sales per customer, materials and supplies, and specifications for and suppliers of certain materials, architectural plans and layouts, equipment and fixtures for Huey Magoo's® restaurant units; and
- (e) ingredients, formulas, marinades, mixes, spices, seasonings, sauces, recipes for and methods of preparation, cooking, and serving of products sold at Huey Magoo's® restaurant units; and
- (f) information concerning product sales figures, operating results, financial performance and other financial data of Huey Magoo's® restaurant units; and
- (g) all contents of the Manuals; and
- (h) customer lists and product sales figures of Huey Magoo's® restaurant units; and
- (i) employee selection procedures, training methods, staffing levels, and pay rates; and
- (j) other Confidential Information including, but not limited to the business concept; operating techniques; marketing methods and plans; demographic and trade area information; prospective site locations; market penetration techniques, plans, or schedules; customer profiles, preferences, or statistics; menu breakdowns; itemized costs; franchisee composition, territories and development plans; and all related trade secrets or confidential or proprietary information treated as such by the Company and/or the Related Party signatory hereto, whether by course of conduct, by letter or report, or by the use of any appropriate proprietary stamp or legend designating such information or item to be confidential or proprietary, by any communication to such effect made prior to or at the time any such Confidential Information is disclosed to you, or otherwise.

3. Disclosure of Confidential Information. The Undersigned shall hold in strict confidence and shall disclose such Confidential Information only to the Undersigned's employees and agents who have a need to know such Information in order to assist the Undersigned in the performance of his/her/its obligations under the Franchise Agreement, provided such employees and agents understand (and agree to maintain) the secrecy of the Confidential Information. The

Undersigned shall not disclose Confidential Information to any other person or entity. The Undersigned further agrees not to make any unauthorized copies of any portion of the Confidential Information disclosed to the Undersigned in any written, visual, auditory or other tangible form. The obligations hereunder to maintain the secrecy of Confidential Information shall not expire.

4. **Limitations on Obligations.** The obligations of the Undersigned specified in Section 3 shall not apply to any Confidential Information which is received from the Company which (a) is disclosed in a printed publication available to the public, or is otherwise in the public domain through no act of the Undersigned or its employees, agents or other person or entity which has received such Confidential Information from or through the Undersigned, (b) is approved for release by written authorization of an officer of the Company, or (c) is required to be disclosed by proper order of a court of applicable jurisdiction after adequate notice to the Company to seek a protective order therefor, the imposition of which protective order the Undersigned agrees to approve and support.

5. **Return of Documents.** The Undersigned (and each employee, agent, or other person or entity which has received such Confidential Information from or through the Undersigned) shall, upon the request of the Company return all documents and other tangible manifestations of Confidential Information received from the Company including all copies and reproductions thereof.

6. **Non-Compete.** You agree at any geographic location whatsoever during the Initial Term or Successor Term of the Franchise Agreement and for 2 years immediately following the later of (i) the termination, expiration or non-renewal of the Franchise Agreement or any Successor Franchise Agreement or the transfer of your Huey Magoo's Restaurant or (ii) the date on which the Undersigned begins to comply with this Section 6, you and your officers, agents, Franchise Owners, servants, and all others in active concert or participation with will not directly or indirectly (except as we otherwise approve in writing):

(a) Be involved with a Competitive Business as owner, officer, director, investor, manager, employee, agent, lender, landlord, sublessor, broker, consultant, franchisee or any other capacity (this restriction will not apply to a 5% or less beneficial interest in a publicly-held corporation) having a location (i) at the Restaurant Location, in the Limited Protected Territory of the Restaurant or within 3 miles of the perimeter of the Limited Protected Territory of the Restaurant; or (ii) within 3 miles of any Franchised Restaurant or Company-Owned Restaurant then in operation or under contract, or within 3 miles of the perimeter of (or within) another Franchisee's Limited Protected Territory;

(b) Solicit for employment or hire our management personnel, the management personnel of any of our affiliates or the management personnel of any other Franchised or Company-Owned Restaurant without first obtaining any written permission from us and the employer(s) of the personnel in question;

(c) Divert any business that should be handled by the Restaurant Location to any other person or entity (including, by way of example, interfering with, disturbing, disrupting, harming or attempting to diminish any relationships, agreements or understandings, written or oral, decrease or otherwise jeopardize our business or the business of any of our Franchisees,

Business Associates or any other Huey Magoo's restaurant locations, customers, employees, shareholders, suppliers, vendors, lenders or creditors); or

(d) Sell, assign, lease, sublease or otherwise grant possession of your Restaurant and/or Restaurant Location to any individual or entity which intends to utilize same to conduct a Competitive Business thereat (and it shall be your affirmative duty in connection with any such sale, assignment or other disposition of your Restaurant and/or Restaurant Location to secure a written memorialization from the purchaser, assignee, lessee, sublessee or permittee that it has no intent to conduct a Competitive Business, as herein defined, following the subject transaction).

For the purposes of this Section 6, a "Competitive Business" means any business which offers or sells any of the programs, products or services which Huey Magoo's Restaurants now or hereafter are authorized for sale under the Business System (including any business that operates a casual or fast casual restaurant that sells or offers to dispense prepared food products the same as or similar to the type sold in Huey Magoo's Restaurants or any business establishment that sells or offers to dispense chicken tenders); which offers or sells similar or related programs, products or services; which engages in any of the activities which the Franchise Agreement contemplates that Franchisee will engage in; or, which offers or sells any other program, product, service or component which now or in the future is part of the Business System, or any confusingly similar program, product or service. The term "Business Associate" means any of our managerial personnel, officers, directors, agents, consultants, representatives, contractors, suppliers, distributors, franchisees or other business contacts.

The provisions of this Section 6 are intended to apply to any person or entity within a legal or beneficial interest in or traceable to, down or through you be bound by the provisions of this covenant, including (without limitation) your spouse, brother, brother-in-law, sister, sister-in-law, parents, parents-in-law, child, son-in-law or daughter-in-law; any direct or indirect beneficiary of yours; and, any other related person or entity, regardless of how many levels or tiers there may be between you and the person or entity.

It is the intention of the parties that this Section 6 be interpreted so as to be valid under applicable law and, if required for validity, any court or applicable tribunal may reduce or alter the geographic scope and duration of this Section 6, by substitution of words or otherwise, so as to create the broadest permissible protection to the Company.

7. **No Waiver.** No delays or omissions by the Company in exercising any right under this Agreement will operate as a waiver of that or any other right. A waiver or consent given by the Company on any one occasion is effective only in that instance and will not be construed as a bar to or waiver of any right on any other occasion.

8. **Notices.** Any notice, request, information, or other document to be given hereunder to any of the parties by any other party shall be in writing and delivered personally, sent by facsimile transmission or registered or certified mail, postage prepaid, or overnight delivery service, as follows:

If to the Company, addressed to:

Huey Magoo’s Restaurants, LLC
6220 Hazeltine National Drive, Suite 110
Orlando, FL 32822
Attention: Legal Department
E-Mail: legal@hueymagoos.com

With a copy to:

Kaufmann Gildin & Robbins LLP
767 Third Avenue, 30th Floor
New York, New York 10017
Attention: Michelle Murray-Bertrand, Esq.

If to the Undersigned, addressed to:
(Company Name) Address:

Attention: _____
E-Mail: _____

9. **Equitable Relief.**

(a) Undersigned acknowledges that Company will be irreparably harmed by any breach hereof, that monetary damages would be inadequate and that Company shall have the right to have an injunction or other equitable remedies imposed in relief of, or to prevent or restrain, such breach. The Undersigned agrees that Company shall also be entitled to any and all other relief available under law or equity for such breach.

(b) Undersigned acknowledges that any failure to comply with the requirements of this agreement will cause the Company irreparable injury, and Undersigned agrees to pay all court costs and reasonable attorney’s fees incurred by the Company in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement in addition to any other claims to which the Company may be entitled.

(c) Undersigned acknowledges and agrees that the Confidential Information is confidential to and a valuable asset of Company, is proprietary, includes trade secrets of Company, and is disclosed to Undersigned solely on the condition that Undersigned, its Owners and its employees who have access to the Confidential Information agree, and Undersigned does hereby agree, that, during and after the term of this agreement, Undersigned, its Owners and such employees:

(i) will not use the Confidential Information in any other business or capacity; and

(ii) will maintain the absolute secrecy and confidentiality of the Confidential Information; and

(iii) will not make unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form; and

(iv) will adopt and implement all reasonable procedures prescribed from time to time by Company to prevent unauthorized use or disclosure of or access to the Confidential Information.

(d) Undersigned shall require all management personnel, as a condition of employment to execute covenants that they will maintain the confidentiality of all information, written or verbal, which they receive in connection with their employment by Undersigned. Such covenants shall be in a form satisfactory to the Company, including, without limitation, specific identification of the Company as a third party beneficiary of such covenants with the independent right to enforce them.

10. **Defend Trade Secrets Act Notice.** Notwithstanding anything contained in this Agreement or the Company's policies or procedures that may be in effect from time to time, to the contrary:

(a) an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney; and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(b) an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (i) files any document containing the trade secret under seal; and (ii) does not disclose the trade secret, except pursuant to court order.

11. **Miscellaneous.**

(a) This Agreement shall not be construed to grant to the Undersigned any patents, licenses, or similar rights to Confidential Information disclosed to the Undersigned hereunder, all of which rights and interests shall be deemed to reside or be vested in the Company.

(b) This Agreement, does not supersede, but rather is in addition to and cumulative with, all prior agreements, written or oral, between the parties relating to the subject matter of this Agreement. This Agreement may not be modified, changed or discharged, in whole or in part, except by an agreement in writing signed by the parties.

(c) This Agreement will be binding upon and inure to the benefit of the parties and their respective successors and assigns.

(d) the invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(e) This Agreement shall be construed and interpreted in accordance with the laws of the State of Florida.

[Signature Page to Follow]

EXECUTED as of _____.

UNDERSIGNED:

By _____
Name & Title: _____
Entity Name, if any: _____

HUEY MAGOO'S RESTAURANTS, LLC

By _____
Andrew Howard, President and
Chief Executive Officer

EXHIBIT B-2

**HUEY MAGOO'S RESTAURANTS, LLC
FRANCHISE AGREEMENT**

**CONFIDENTIALITY AGREEMENT
FOR EMPLOYEES AND INDEPENDENT CONTRACTORS**

NAME: _____

FRANCHISEE: _____

HOME ADDRESS: _____

HOME TELEPHONE: _____

CLASSIFICATION: _____

(Employee, Independent Contractor, Etc.)

_____ ("Franchisee") is a franchisee of Huey Magoo's Restaurants, LLC ("Franchisor") pursuant to a Franchise Agreement entered into by Franchisee and Franchisor dated _____ (the "Franchise Agreement"). I agree that, unless otherwise specified, all terms in this Agreement have those meanings ascribed to them in the Franchise Agreement.

I agree that during the term of my employment by, engagement by, association with or service to Franchisee, or at any time thereafter, I will not communicate, divulge or use for the benefit of any other person, persons, partnership, proprietorship, association, corporation or entity any confidential information, knowledge or know-how concerning the systems of operation, services, products, clients or practices of Franchisee and/or Franchisor which may be communicated to me ("Confidential Information"), and I will not divert any business to competitors of Franchisee and/or Franchisor.

Any and all information, knowledge, know-how, techniques and information which the entities mentioned above or their officers designate as confidential will be Confidential Information for the purposes of this Agreement, except information which I can demonstrate came to my attention before disclosure or which had become or becomes a part of the public domain through publication or communication by others (unless the publication or communication is in violation of a similar confidentiality agreement), but in no event through any act of mine.

I specifically understand that, without limitation, the following constitute Confidential Information of Franchisor: all products, services, equipment, technologies and procedures relating to; all systems of operation, services, programs, products, procedures, policies, standards, techniques, specifications and criteria which now comprise or in the future may comprise a part of the System; Franchisor's Confidential Operating Manual (as same may be amended from time to time); Supplements and/or amendments to the Manual; records pertaining to customers or billings; methods of advertising and promotion; customers; instructional materials; staff composition and organization systems; quality assurance programs; supervision systems; recommended services;

recordkeeping systems and materials; bookkeeping systems and materials; business forms; product and service order forms; general operations materials; revenue reports; standards of interior and exterior design and decor; activity schedules; job descriptions; advertising, promotional and public relations materials/campaigns/guidelines/philosophy; specifications, systems, standards, techniques, philosophies and materials, guidelines, policies and procedures concerning the System; additions to, deletions from, and modifications and variations of the components constituting the System or the systems and methods of operations which are now, or may in the future, be employed by Franchisor, including all standards and specifications relating thereto and the means and manner of offering and selling same; and, all other components, specifications, standards, requirements and duties imposed by Franchisor or its Affiliates.

I will at no time copy, duplicate, record or otherwise reproduce any of the Confidential Information or material containing it, in whole or in part, store them in a computer retrieval or data base, nor otherwise make them available to any unauthorized person. Upon the expiration or other termination for any reason of my employment, association, service or ownership participation, I agree to return to Franchisor or Franchisee, as the case may be, all Confidential Information or material containing it (in whole or in part) in my possession utilized during my employment, association, service or ownership participation.

I acknowledge that violation of the restrictions on the use of Confidential Information contained in this Agreement would result in immediate and irreparable injury to Franchisor and Franchisee for which no adequate remedy at law will be available. Accordingly, I hereby consent to the entry of an injunction procured by Franchisor or Franchisee (or both) prohibiting any conduct by me in violation of the terms of the restrictions on the use of Confidential Information set forth in this Agreement. Further, I expressly agree that any claims I may have against Franchisor will not constitute a defense to Franchisor's enforcement of the restrictions on the use of Confidential Information set forth in this Agreement. I further agree to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by Franchisor in connection with the enforcement of those restrictions on the use of Confidential Information set forth in this Agreement.

If all or any portion of this covenant not to use confidential information is held unreasonable, void, vague or illegal by any court or agency having valid jurisdiction in an unappealed final decision to which Franchisee and/or Franchisor is a party, the court or agency will be empowered to revise and/or construe the covenant to fall within permissible legal limits, and should not invalidate the entire covenant. I expressly agree to be bound by any lesser covenant subsumed within the terms of this Agreement as if the resulting covenant were separately stated in and made a part of this Agreement.

I agree that this Agreement and all relations and disputes between myself on the one hand, and Franchisee or Franchisor on the other hand, whether sounding in contract, tort, or otherwise, are to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of Florida without recourse to Florida (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of Florida, and if the franchised Business is located outside of Florida and the provision would be enforceable under the laws of the state in which the franchised Business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Agreement is intended to invoke the application of any franchise, business

opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of Florida or any other state, which would not otherwise apply.

I further agree that any litigation arising out of or related to this Agreement; any breach of this Agreement; and, all relations and any and all disputes between myself on the one hand, and Franchisee or Franchisor on the other hand, whether sounding in contract, tort, or otherwise, will be instituted exclusively in a court of competent jurisdiction in Broward County, Florida. I agree that any dispute as to the venue for this litigation will be submitted to and resolved exclusively by a court of competent jurisdiction situated in Broward County, Florida.

I hereby waive and covenant never to assert or claim that said venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens).

(Print Name)

(Signature)

(Date)

EXHIBIT C

**HUEY MAGOO’S RESTAURANTS, LLC
FRANCHISE AGREEMENT**

GUARANTY OF FRANCHISEE’S OBLIGATIONS

THIS GUARANTY AGREEMENT (this “Guaranty”) is signed as of _____
_____, by _____ (the “Guarantor”).

INTRODUCTION

WHEREAS, Huey Magoo’s Restaurants, LLC, a Delaware limited liability company (the “Franchisor”) is granting to _____ (the “Franchisee”) Huey Magoo’s® Chicken Tenders Development Rights and/or a Huey Magoo’s® Chicken Tenders Franchise(s);

WHEREAS, the Guarantor represents and warrants to the Franchisor that he or she will benefit by the grant to the Franchisee of the Development Rights and/or Franchise; and

WHEREAS, the Franchisor has declined to enter into the Huey Magoo’s Development Agreement, the Huey Magoo’s Franchise Agreement, any agreement attached as an exhibit to the Franchise Disclosure Document of Franchisor or any other agreements (collectively, the “Agreements”) with the Franchisee unless the Guarantor signs and delivers this Guaranty to the Franchisor.

TERMS

NOW, THEREFORE, for and in consideration of the grant to the Franchisee of the Development Rights and/or Franchise, and other good and sufficient consideration, the receipt and adequacy of which is hereby acknowledged by Guarantor, the Guarantor hereby agrees for the benefit of the Franchisor and its Affiliates as follows:

1. **Guaranteed Obligations.** THIS GUARANTY IS A CONTINUING, IRREVOCABLE, ABSOLUTE, AND UNCONDITIONAL GUARANTY. The Guarantor absolutely and unconditionally, guarantees to the Franchisor and its Affiliates, and their respective successors and assigns, for the respective terms of the Agreements and thereafter as provided in the Agreements, that the Franchisee will punctually pay and perform every obligation stated in the Agreements and Guarantor agrees to be personally bound by, and personally liable for the breach of, every term of the Agreements, together with charges, fees and all expenses (including attorneys' fees and costs, including arbitration, appellate, bankruptcy and post-judgment proceedings) incurred in obtaining payment or enforcing performance of this Guaranty (the “Guaranteed Obligations”). The Guarantor’s obligations are absolute and unconditional irrespective of the validity or enforceability of any of the Agreements. This Guaranty covers and secures any amount at any time owing on the Guaranteed Obligations. This Guaranty remains in full effect until all Guaranteed Obligations have

been satisfied and all amounts due to the Franchisor have been paid in full. The Guarantor waives the benefit of any circumstance, defense or statute of limitations affecting his or her liability that might otherwise discharge a guarantor or hinder prompt enforcement of this Guaranty. The Guarantor irrevocably waives any requirement that the Franchisor must proceed against or exhaust any collateral or security that the Franchisor may now hold or obtain for any of the Guaranteed Obligations before collecting from the Guarantor. In the event of the death, incompetency, dissolution, liquidation, insolvency of, or the institution of bankruptcy or receivership proceedings by or against the Franchisee, all the indebtedness of the Franchisee to Franchisor (including, without limitation, any indebtedness of the Franchisee that results from termination of any of the Franchise Agreements) then existing shall, for purposes of this Guaranty, and at the option of Franchisor, immediately become due and payable from the undersigned. Notwithstanding the foregoing, in the event of a premature termination of the Franchise Agreement, the payment of Royalty Fees is capped by the liquidated damage provision of Section 12.9 of the Franchise Agreement to Fifty Thousand Dollars (\$50,000) or the average sales for the number of months remaining on the term of the Franchise Agreement, whichever is less.

2. **Incorporation of Terms.** The terms of the Agreements are incorporated in this Guaranty as if stated in full, including the covenants stated in ARTICLE 13 and the dispute resolutions provisions stated in ARTICLE 17 of the Franchise Agreement of which Guarantor agrees to be bound. Further, all capitalized terms, not elsewhere defined herein, shall have the meaning set forth in the Franchise Agreement. The Guarantor has had an opportunity to read and receive advice by his or her counsel of the terms of the Agreements and the Franchisor's Franchise Disclosure Document.

3. **Payment.** If the Franchisee fails to make any payment when due or otherwise defaults under the terms of any of the Guaranteed Obligations, the Guarantor will pay to the Franchisor immediately upon demand the full amount of the Guaranteed Obligations then due (by acceleration or otherwise), in immediately available funds. All payments shall be made without set-off, deduction or withholding for any reason, and are final and free from any defense, claim or counterclaim of the Guarantor except the defense that the Franchisee has paid in full all Guaranteed Obligations.

4. **Enforcement.** In any proceeding under this Guaranty, the Franchisor may act against the Guarantor separately, or against two or more Guarantors jointly, or against some separately and some jointly. In any action or proceeding to enforce this Guaranty against the Guarantor, the Franchisor is not required to join the Franchisee, or any other Guarantor, unless it elects to do so in its sole discretion.

5. **Waiver.** The Guarantor irrevocably waives notice of the extension of any Guaranteed Obligation, or of the acceptance of this Guaranty, and protest, presentment, diligence, demand for payment, notice of default, nonpayment or dishonor of any Guaranteed Obligation, and any other notice except as expressly provided in this Guaranty.

6. **Consent to Certain Actions.** Without in any way affecting or impairing the liability of the Guarantor and, without notice to or additional consent from that Guarantor: (a) the Guaranteed Obligations may be renewed, extended, modified (in time for payment or the terms of indebtedness

or otherwise), compromised, settled, released or discharged by the Franchisor, whether by agreement with the Franchisee or under any insolvency, bankruptcy or similar proceeding; (b) any security or collateral for the Guaranteed Obligations may be assigned, exchanged, sold, released or surrendered by the Franchisor, and the Franchisor may abstain from perfecting its security interest in any security or collateral, or from taking upon new security or collateral; (c) the Franchisor may exercise or refrain from exercising any right against the Franchisee or any other person or entity; (d) the Franchisor, in its sole discretion, may apply any sums received to any liabilities of the Franchisee or any other person or entity to the Franchisee, in any order the Franchisor elects; (e) the Franchisor may consent to or waive any breach of, or any act, omission or default of, the Guaranteed Obligations; (f) the Franchisor may agree to any amendment to or modification of, any of the Agreements, applicable to the Guaranteed Obligations; or (g) the Franchisor may release or partially release any other guarantors (if any) of the Guaranteed Obligations, or add another guarantor or other guarantors. The Franchisor has no duties to the Guarantor except as expressly provided in this Guaranty.

7. **Continuing Guaranty.** The guarantee of the Guarantor under this Guaranty continues to be effective, or is reinstated, as the case may be, if at any time any payment to the Franchisor of the Guaranteed Obligations is rescinded or must otherwise be returned for any reason, including the insolvency, bankruptcy or reorganization of the person or entity making the payment, all as though the payment had not been made.

8. **Successors and Assigns.** No Guarantor may delegate any of his or her obligations under this Guaranty. This Guaranty is binding upon the heirs, personal representatives, successors and assigns of the Guarantor, and inures to the benefit of the Franchisor, its affiliates, and their respective successors and assigns. The Franchisor may at any time, without notice to the Guarantor, transfer or assign to any person or entity all rights accruing hereunder, including, but not limited to, any of the Guaranteed Obligations, or any interest in the Guaranteed Obligations. Every immediate and successive assignee or transferee of the Guaranteed Obligations, or any interest in the Guaranteed Obligations is, to the extent of its interest, entitled to the benefits of this Guaranty to the same extent as if the assignee or transferee were the Franchisor.

9. **Representations and Warranties.** The Guarantors, jointly and individually, represent as follows:

- (a) The Guarantor has the capacity to enter into, perform and deliver this Guaranty;
- (b) This Guaranty is the legal, valid, binding and enforceable obligation of the Guarantor;
- (c) There is no litigation or governmental proceeding pending or threatened against the Guarantor, nor has there occurred any event, nor does there exist any condition, on the basis of which any litigation or proceeding might be begun, which litigation or proceeding, if adversely determined, could have a material adverse effect on the respective properties, operations, assets, condition (financial, business, labor or otherwise) or prospects of the Guarantor; and
- (d) The Guarantor has independent means of obtaining reports and financial information

about the Franchisee and the Franchisor has no obligation, either before the signing of this Guaranty or any time thereafter, to notify the Guarantor concerning the Franchisee's financial condition or of any event or occurrence affecting the Franchisee's financial condition or business operation.

10. **Notices.** Any notice or demand required or permitted to be given under this Guaranty to the Guarantor and any and all other notices and other communications given or made to Guarantor pursuant hereto shall be in writing and shall be deemed effectively given: (i) upon personal delivery to Guarantor, (ii) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the Guarantor or recipient; if not, then on the next business day, (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the Guarantor at the address, e-mail address or facsimile number set forth below or at such other address, e-mail address or facsimile number as shall be specified by notice given in accordance with this section.

11. **Subordination and Subrogation.** Until the Guaranteed Obligations have been paid in full, the Guarantor subordinates and assigns all direct or indirect claims and rights that he or she may have against the Franchisee, now existing or later arising, to all claims by the Franchisor for amounts owing from the Franchisee to the Franchisor for the Guaranteed Obligations.

12. **Miscellaneous.** This Guaranty contains the entire agreement of the Guarantor and is not subject to any oral conditions. Time is of the essence for the terms of this Guaranty. This Guaranty cannot be changed or modified orally. Upon request from the Franchisor, the Guarantor will provide to the Franchisor all information regarding his or her financial condition and business operations as the Franchisor requests including personal financial statements. This Guaranty is deemed and treated as being drafted jointly by the Guarantor and the Franchisor. No term of this Guaranty is construed more strictly against the Guarantor or the Franchisor because the Franchisor, or its counsel, was responsible for the physical preparation of this Guaranty. The terms of this Guaranty shall be interpreted and construed in accordance with the laws of the State of Florida. If Franchisor institutes an action that in any way arises out of this Guaranty or any alleged breach hereof, Guarantor will reimburse Franchisor, upon demand, for all reasonable expenses incurred in connection therewith (including, without limitation, reasonable attorneys' fees), whether or not suit is actually instituted. Guarantor agrees that any action relating to this Guaranty may be instituted and prosecuted in either the state or federal courts located in Broward County, Florida, and further agrees to waive any rights or objections to the jurisdiction or venue of any such actions when filed in such courts. The failure, omission or delay by Franchisor in exercising its rights hereunder in the event of a default (as described in the Agreements) by Franchisee shall not constitute the waiver of any such default, or of any of the rights or remedies to which Franchisor

is entitled under the Agreements, this Guaranty or any other instrument. This Guaranty shall remain in full force and effect so long as any Guaranteed Obligations remain unpaid or otherwise unsatisfied.

[SIGNATURE PAGE BELOW]

IN WITNESS WHEREOF, the Guarantor signed this Guaranty on the date stated above.

GUARANTOR

Sign: _____

Print: _____

EXHIBIT D

**HUEY MAGOO’S RESTAURANTS, LLC
FRANCHISE AGREEMENT**

FRANCHISEE BUSINESS ENTITY/OWNER INFORMATION

This form must be completed if: (i) the corresponding Franchise Agreement was signed by more than has more than one individual or (ii) the Franchisee is owned by a business entity (a corporation, partnership, limited liability company or similar business entity).

1. **Form of Owner.** Is a (check one):

- (a) General Partnership
- (b) Corporation
- (c) Limited Partnership
- (d) Limited Liability Company
- (e) Multiple Individual Owners
- (f) Other, Specify _____

2. **Franchisee Business Entity.** The name of the Franchisee Business Entity is _____, and it was incorporated or formed on _____ under the laws of the State of _____.

3. **Business Entity Owners.** (a) The following list includes the full name of each person who is an owner of the Franchisee Business Entity (stockholders, partners or members (if a limited liability company)) and the nature of each owner’s position and ownership interest in the Franchisee.

Owner’s Name	Description of Interest/Position	Ownership %

(b) If the Franchisee is a Business Entity and is owned in whole or in part by one or more business entity(ies), then please list the name(s) of such entity(ies) below. Additionally, please list the full name each person who is an owner (stockholders, partners or members (if a limited liability company)) of the business entity(ies) that have an ownership interest in the Franchisee Business Entity and the nature of each owner’s position and ownership interest.

Name of Business Entity	Owner's Name	Description of Interest/Position	Ownership %

4. **Multiple Individual Developers.** For those individuals who signed the Franchise Agreement in their individual capacity, the following is a list each developer's full name and the nature of each person's ownership interest in the Area Developer.

Owner's Name	Description of Interest	Ownership %

5. **Designated Representative.** Provide the name, position and ownership interest of the Designated Representative.

Designated Representative's Name	Position Held in Entity	Ownership %

6. **Representation.** Franchisee and its owners each represent and warrant that the information provided in this form is true, accurate and complete and that Huey Magoo's Restaurants, LLC may consider this statement as continuing to be true, accurate and correct from the Effective Date of this form until a written notice of change in ownership status is given by Franchisee, and approved by, Huey Magoo's Restaurants, LLC.

[Signature page follows.]

OWNER:

ENTITY:

[FRANCHISEE]

By: _____

Name: _____

Title: _____

Date: _____

INDIVIDUALS:

By: _____

Name: _____

Date: _____

By: _____

Name: _____

Date: _____

By: _____

Name: _____

Date: _____

RECEIVED BY:

HUEY MAGOO'S RESTAURANTS, LLC

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT E

**HUEY MAGOO'S RESTAURANTS, LLC
FRANCHISE AGREEMENT**

AGREEMENT REGARDING FRANCHISEE LEASE

This Agreement Regarding Franchisee Lease (this "Agreement") is entered into on this _____ day of _____, by and between _____ ("Tenant") and _____ ("Landlord").

Recitals

A. Huey Magoo's Restaurants, LLC ("Franchisor") and its predecessor and affiliates developed a system which relates to the establishment and operation of a business of a restaurant featuring the sale of chicken tenders, which is identified by the service mark "HUEY MAGOO'S[®]" and other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, copyrights, drawings, and commercial symbols that Franchisor may designate to be used in connection with Huey Magoo's (collectively, the "Marks").

B. Tenant plans to operate a Huey Magoo's Chicken Tenders as a franchisee of Franchisor (the "Franchise").

C. Tenant desires to lease from Landlord a site for the operation of the Franchise to be located at _____ (the "Restaurant Location").

D. Tenant and Landlord desire to enter into, or have entered into, a lease agreement to document the lease of the Restaurant Location to Tenant (the "Lease").

E. Pursuant to a franchise agreement between Tenant and Franchisor (the "Franchise Agreement"), Tenant must include certain terms in the Lease acceptable to Franchisor.

F. The purpose of this Agreement is to memorialize the agreement of Landlord and Tenant to the following in consideration of Franchisor agreeing to approve the leasing arrangement for the Franchise to the extent required by the Franchise Agreement. Franchisor's approval of the leasing arrangement only indicates that the proposed Lease meets Franchisor's minimum criteria.

NOW, THEREFORE, for good and valuable consideration the receipt of which is by this Agreement acknowledged, Tenant and Landlord agree as follows (the "Additional Provisions"):

1. Notwithstanding anything to the contrary in the Lease, the following provisions shall apply to Landlord and Tenant in connection with the Restaurant Location and the Lease:

a. Upon termination or expiration of the franchise rights granted by Franchisor to Tenant, Franchisor has the right, at Franchisor's election, to receive an assignment of Tenant's

leasehold interest. Tenant shall be solely responsible for all obligations, debts, liabilities and payments under the Lease arising and/or accruing under the Lease prior to the effective date of the assignment. In the event Franchisor assumes Tenant's leasehold interest in the Lease pursuant to the terms of this Agreement and subsequently assigns the Lease and its leasehold interest to a franchisee approved by Landlord, such approval not to be unreasonably withheld, conditioned or delayed, Franchisor shall not be responsible for any obligations, debts, liabilities or payments arising and/or accruing under the Lease after the effective date of such assignment.

b. Landlord must provide Franchisor, at the same time that Landlord provides Tenant, with a copy of all lease amendments and assignments, and a copy of all letters and notices that Landlord sends to Tenant relating to the Lease or the Restaurant Location. All notices to be provided to Franchisor under this Agreement shall be provided in the manner provided for in the Lease and addressed as follows, or such other address provided by Franchisor to Landlord in writing in compliance with the notice provisions set forth in the Lease:

Huey Magoo's Restaurants, LLC
6220 Hazeltine National Drive, Suite 110
Orlando, Florida 32822
Attn: Legal Department

c. Prior to Landlord's exercise of any rights and remedies under the Lease, (i) Landlord shall provide Franchisor with a copy of any written notice of a default or breach by Tenant under the Lease, and (ii) in the event that Tenant does not timely cure any such default or breach under the Lease within the applicable notice and cure periods therefor, then Franchisor shall have an additional fifteen (15) business days after the expiration of any applicable notice and cure period granted to Tenant for such default or breach (it being understood that if no notice or cure period is allowed under the Lease, then Franchisor shall have fifteen (15) business days from its receipt of such notice from Landlord) to either (A) cure the default or breach on behalf of Tenant (such that Tenant shall remain in possession of the Restaurant Location), or (B) cure the default or breach by Tenant and (or in the event of a bankruptcy of Tenant or assignment for the benefit of creditors, to the extent permitted by law) take an assignment of the Lease from Tenant (such that Franchisor itself shall continue in possession of the Restaurant Location, as "Tenant" under the Lease, and shall be liable for rent and all other charges due under the Lease), or (C) cure the default or breach by Tenant (or in the event of a bankruptcy of Tenant or assignment for the benefit of creditors, to the extent permitted by law) and take possession of the Restaurant Location for up to one hundred and twenty (120) days in order to identify a new franchisee (other than Franchisor) to take an assignment of the Lease and possession of the Restaurant Location (it being understood that if Franchisor elects to take possession of the Restaurant Location pursuant to this subsection (C), Franchisor shall abide by the terms and provisions of the Lease during its period of possession, which shall include the continuing obligation to pay rent during this period).

d. In addition to Franchisor's rights set forth herein, in the event of the early termination of the Lease for any reason other than a default subject to cure (and other than as a result of condemnation, eminent domain, destruction or other similar causes where continuation of the Lease would be impracticable or impossible), Landlord shall provide Franchisor with notice that the Lease has been terminated ("New Lease Notice"), and Landlord agrees to enter into a new lease ("New Lease") of the Restaurant Location with Franchisor for the remainder of the term of

the Lease, effective as of the date of termination, at the same rent and upon the terms, covenants and conditions of the Lease (including any renewal rights as if the Lease did not terminate); provided: (i) Franchisor makes a written request upon Landlord for such New Lease within ten (10) business days after the date Franchisor receives Landlord's New Lease Notice, and (ii) Franchisor shall remedy (or commence remedying) all of Tenant's defaults which are reasonably susceptible of cure.

e. Landlord agrees that any assignment of the Lease and Tenant's leasehold interests in the Lease by Tenant to Franchisor and/or assumption by Franchisor of the Lease and such leasehold interests shall not require Landlord consent and shall not require any payment of any assignment fee or similar charge or result in any increase in rent or other fees as a result of such assignment and/or assumption.

f. Upon expiration and non-renewal or termination of the Lease or the Franchise Agreement, Franchisor shall have the right, upon notice to Landlord, to enter the Restaurant Location and remove any interior and exterior signs containing Franchisor's Marks and trade fixtures. Franchisor shall repair any damage caused to the leasehold by virtue of its removal activities. Landlord further agrees that Franchisor's rights to any such signs or fixtures shall be superior to any rights Landlord may have to such signs or fixtures (by lien or otherwise) set forth in the Lease or otherwise.

g. Landlord shall not lease property to any competitive business similar to a Huey Magoo's Chicken Tenders in the building, mall or center, as applicable, in which the Restaurant Location reside.

h. Tenant is permitted to display on the Restaurant Location the Huey Magoo's Chicken Tenders trademarks, displays and signage in accordance with the specifications required by Franchisor and used in connection with the Huey Magoo's franchise system, subject only to the provisions of applicable law and the terms of the Lease.

i. As soon as reasonably practicable, Tenant, at its sole cost and expense, shall deliver to Landlord for Landlord's approval, a copy of Tenant's proposed plans and specifications (the "Proposed Plans") for the improvements, including proposed signage, Tenant shall make to the Restaurant Location ("Tenant Improvements"). If Landlord fails to approve or disapprove, in writing, the Proposed Plans within ten (10) days after receipt thereof from Tenant, then such approval will be deemed to have been given. If Landlord furnishes Tenant a written response, Tenant will resubmit revised Proposed Plans within ten (10) days after having received Landlord's response, and Landlord will then have a 10-day period within which to review the same. If Landlord fails to respond within 10 days, then such revision will be deemed approved. Such review process will continue until the Proposed Plans are acceptable to both Landlord and Tenant, whereupon the same will constitute the approved plans. Tenant's obligations under the Lease are expressly contingent upon Tenant's receipt of Landlord's approval of such plans on or before the date that is _____ (___) days after the effective Date of the Lease ("Tenant Contingency Date"). If said contingency is not satisfied on or before the Tenant Contingency Date, then either Landlord or Tenant may terminate this Lease by providing the other party with written notice of termination in which case this Lease shall terminate and be of no further force or effect, Tenant shall immediately vacate and surrender possession of the Restaurant Location to Landlord and

Landlord shall return all applicable deposits to Tenant upon Tenant's delivery of complete possession thereof.

j. Landlord and Tenant shall not amend or otherwise modify the Lease or this Agreement in any manner that would affect any of the foregoing provisions without Franchisor's prior, written consent.

k. Notwithstanding anything in the Lease contained to the contrary or in conflict, Landlord hereby grants and approves the following signage rights:

- (i) Landlord agrees to allow Tenant to use Franchisor's standard sign, facade and awning package to the maximum extent permitted by local governmental authorities.
- (ii) Tenant shall be provided, at Tenant's sole cost and expense, with a panel on any pylon/monument/directory sign for the development in which the Restaurant Location is located, and shall be permitted to install a standard sign thereon as approved by Franchisor, including without limitation Franchisor's logo.

2. Landlord and Tenant agree that Tenant may only use the Restaurant Location for the operation of a Huey Magoo's Restaurant, unless Franchisor otherwise approves in writing. Landlord acknowledges that Tenant's proposed use does not violate any local zoning restrictions nor any restrictive covenants or existing exclusive uses granted to any other tenant of Landlord in the building/center or adjacent outparcel owned by Landlord in which the Restaurant Location are located.

3. Franchisor makes no representations or warranties regarding the Additional Provisions or in connection with this Agreement. Franchisor's approval of Tenant's Lease only indicates that the proposed Lease meets Franchisor's minimum criteria, and the parties agree that Franchisor's approval or disapproval of the Lease will not impose any liability or obligation on Franchisor. Tenant must have a competent real estate attorney review the Lease, at Tenant's expense.

4. Notwithstanding anything contained in this Agreement, Franchisor shall have no liability under the Lease or this Agreement unless Franchisor expressly enters into a written agreement with Landlord. The provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of Franchisor's Huey Magoo's franchise rights.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties to this Agreement, intending to be legally bound hereby have duly executed this Agreement.

TENANT: _____
(type/print name)

By: _____

Name: _____

Title: _____

LANDLORD: _____
(type/print name)

By: _____

Name: _____

Title: _____

EXHIBIT F

HUEY MAGOO'S RESTAURANTS, LLC FRANCHISE AGREEMENT

TELEPHONE NUMBER AND DIRECTORY ADVERTISING ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT is signed on _____, between Huey Magoo's Restaurants, LLC, a Delaware limited liability company ("we," "us" or "our") and _____ ("you" or "your").

BACKGROUND

A. The parties have entered into a Huey's Magoo's Franchise Agreement on _____ (the "Franchise Agreement").

B. As a condition to signing the Franchise Agreement, we have required that you assign to us all of your right, title and interest in the telephone numbers, telephone listings, facsimile numbers, and telephone directory advertisements relating to the Huey Magoo's Franchise (the "Restaurant") upon the expiration or termination of the Franchise Agreement

The parties agree as follows:

TERMS

1. **Assignment.** In order to secure continuity and stability of our operation of the Restaurant, immediately upon the expiration or termination of the Franchise Agreement, this Agreement constitutes your automatic assignment to us all of your right, title and interest in and to certain telephone numbers, facsimile numbers, telephone listings and telephone directory advertisements, whether on the Internet or in print, pursuant to which you operate your Restaurant in accordance with the terms of the Franchise Agreement without further action on your part.

2. **Assumption.** Immediately upon the expiration or termination of the Franchise Agreement, in consideration of the transfer of telephone service for the telephone numbers, we may assume and pay all future obligations for the telephone numbers, including the payment of all charges for future local and long distance service, telecommunications equipment, toll credit cards, public telephone service and equipment and directory advertising existing.

3. **Your Representation and Warranties.** You represent, warrant and covenant to us that:

(a) As of the effective date of the Assignment, all of your obligations and indebtedness for telephone services, telephone listing services and telephone directory advertisement services must be paid and current.

(b) As of the date of this Agreement, you have full power and legal right to enter into,

sign, deliver and perform this Agreement.

(c) This Agreement is your legal and binding obligation enforceable in accordance with its terms.

(d) The signing, delivery and performance of this Assignment does not conflict with, violate, breach or constitute a default under any contract, agreement or instrument to which you are a party or by which you are bound, and no consent of nor approval by any third party is required.

(e) You have the specific power to assign and transfer your right, title and interest in your telephone numbers, telephone listings and telephone directory advertisements, and you have obtained all necessary consents to this Assignment.

4. **Other Documents.** You agree to sign any other documents required by the telephone service provider and/or publisher required to make the assignment effective.

5. **Miscellaneous.** The validity, construction and performance of this Assignment is governed by the laws of the State in which we are located (currently, Florida). All agreements, covenants, representations and warranties made in this Agreement survive the signing of this Agreement. All our rights inure to our benefit and to the benefit of our successors and assigns.

[SIGNATURE PAGE BELOW]

IN WITNESS WHEREOF, each of the parties has signed this Assignment as of the day and year first written above.

YOUR OR YOUR (FRANCHISEE):

Individual Signature

or

(Entity)(Print Name of Entity)

By:_____

Print Name:_____

Title:_____

WE, US, OR OUR (FRANCHISOR):

Huey Magoo's Restaurants, LLC

By:_____
_____, _____

EXHIBIT D TO FRANCHISE DISCLOSURE DOCUMENT

HUEY MAGOO'S DEVELOPMENT AGREEMENT



HUEY MAGOO'S RESTAURANTS, LLC

DEVELOPMENT AGREEMENT

HUEY MAGOO’S® DEVELOPMENT AGREEMENT

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HUEY MAGOO'S DEVELOPMENT AGREEMENT

This Development Agreement is signed on _____ (the "Effective Date") between HUEY MAGOO'S RESTAURANTS, LLC, a Delaware limited liability company (the "Company") and [Name] [State of formation] [Type of entity] (the "Developer").

The Company has written this Agreement in plain English to make it easy to read and to help you become thoroughly familiar with all of the important rights and obligations that the Agreement covers before you sign it. In this Agreement, the Company is referred to as "we," "us" or "our." The Developer is referred to as "you" or "your."

BACKGROUND

A. We offer franchise and development rights to a unique business system for a casual restaurant (the "Restaurant") that features chicken tenders, beverages, and unique food service and other products prepared according to specified recipes and procedures, some of which include proprietary spices, batter, sauces and mixes and services using certain standards and specifications; sources of supply; uniform standards; procedures for the management of the Restaurant and customer service; advertising and promotional materials and programs; assistance and training in the operation, management and promotion of the Restaurant; an Operation & Policies Manual; and bookkeeping and accounting methods and procedures; all of which we may change, improve and further develop (collectively, the "Business System") doing business under the Principal Trademark "Huey Magoo's";

B. You recognize the benefits of receiving rights from us to develop and operate no fewer than two **Huey Magoo's®** Restaurants in a given area (the "Development Area") set forth on Exhibit A attached hereto and made a part hereof, each operating under a Franchise Agreement with us (the "Development Rights").

C. We agree not to offer Development Rights and Franchises with anyone other than you within the Development Area, except as provided in this Agreement.

D. We have reviewed your application and have decided to award Development Rights to you under the terms of this Agreement.

E. You are simultaneously entering into a Franchise Agreement for a **Huey Magoo's®** Restaurant.

The parties agree as follows:

All capitalized terms are defined not elsewhere defined herein, shall have the meaning set forth in the applicable Franchise Agreement between the parties.

1. DEVELOPMENT RIGHTS AND OBLIGATIONS

A. TERM OF AGREEMENT/RESERVATION OF RIGHTS

Subject to the provisions contained herein, this Agreement shall be for a term commencing on the Effective Date hereof and expiring on the date set forth in Exhibit B, hereto attached and hereof made a part.

We retain the right, in our sole discretion and without granting any rights to you: (a) to own and operate, or to grant other persons the right to own and operate, **Huey Magoo's®** Restaurants at such locations outside the Development Area and on such terms and conditions as we deems appropriate; and (b) to sell within and outside the Development Area the products and services authorized for **Huey Magoo's®** Restaurants under the Proprietary Marks or other trademarks, service marks and commercial symbols through dissimilar channels of distribution as set forth in Section 1.D.(3) hereof and pursuant to such terms and conditions as we deem appropriate.

B. RIGHTS DURING TERM

Provided you: (i) are in full compliance with the terms and conditions contained in this Agreement, including, without limitation, the development obligations contained in Paragraph C of this Section 1; and (ii) in full compliance with all obligations under Franchise Agreements heretofore or hereafter entered into with us including the payment of all Franchise fees and royalties; then during the Development Periods, (i.e. the development term as set forth on Exhibit B), we will, subject to Paragraphs A and D of this Section 1: (1) grant to you, in accordance with the provisions of Section 4 hereof, franchises for the ownership and operation of **Huey Magoo's®** Restaurants located within the Development Area; and (2) will not operate (directly or through an affiliate), nor grant a franchise for the operation of, any **Huey Magoo's®** Restaurants to be located within the Development Area, except such franchises as are granted to you and as provided in Section 1.D. At the expiration of the term of this Agreement as set forth on Exhibit B, the Exclusivity Provisions hereof will terminate, however, if you have fulfilled your obligations under this Agreement and are in compliance with all other agreements with us, you may be given an option to enter into a new Development Agreement for the further development of Restaurants in the former Development Area. You must request this option by notifying us, in writing, within thirty (30) of fulfillment of this Development Agreement. The new Minimum Development Quota (as hereinafter defined) for the Development Agreement will be established by us. The option must be exercised within thirty (30) days of your receipt of our new Minimum Development Quota. In the event you fail to exercise such option within thirty (30) days of notice, the option will expire without written notice to you or other action by us. Thereafter you will have no remaining development rights with respect to the Development Area. Each restaurant opened pursuant hereto or pursuant to a Franchise Agreement, will maintain its Limited Protected Territory as provided under its Franchise Agreement.

C. DEVELOPMENT OBLIGATIONS

You agree during the term of this Agreement and any extensions thereof that you will at all times faithfully, honestly, and diligently perform your obligations hereunder and that you will continuously exert your best efforts to promote and enhance the development of **Huey Magoo's®** Restaurants within the Development Area. Without limiting the foregoing obligation, you agree to open and have in operation within the Development Area, all **Huey Magoo's®** Restaurants set forth in Exhibit B ("Minimum Development Quota") on or before the dates required in Exhibit B. If you fail at any time to meet any Minimum Development Quota, We shall have the right to terminate this Agreement by delivering a notice to you stating that we elect to terminate this Agreement as a result of such failure. Such termination shall be effective upon

delivery of such notice termination. Our right to terminate this Agreement shall be our sole and exclusive remedy for your failure to meet a Minimum Development Quota; provided however that no portion of the Development Fee described in Section 3 hereof shall be refundable by us. In the event of termination for failure to comply with the Minimum Development Quota, we will nonetheless continue to recognize the Limited Protected Territory of any **Huey Magoo's®** Restaurants opened by you pursuant to a Franchise Agreement.

With each Franchise Agreement entered into in accordance with this Development Agreement, you will be required to have all Franchise Owners execute and deliver to us, concurrently with the execution of each Franchise Agreement, and all persons or entities that become Franchise Owners after the date thereof to promptly thereafter execute and deliver to us, the form of Guaranty and Assumption of your Obligations (“Guaranty”) attached to each Franchise Agreement.

D. DEVELOPMENT AREA CONFLICTS

(1) Any continued operation of an existing **Huey Magoo's®** Restaurant within the Development Area by us or a franchisee of ours which restaurant was opened on or before the date of this Agreement shall not be considered to constitute a violation of this Agreement.

(2) In the event of claims adverse to your right to develop a **Huey Magoo's®** Restaurant in the Development Area, it is our responsibility to protect and maintain your rights hereunder. However, if it appears to us, in our sole discretion, that protection of the Development Area by legal action is not advisable, whether due to the anticipation of or actual protracted nature of the action, the costs involved, the uncertainty of outcome, or otherwise, we have the right to terminate this Agreement and, upon your execution thereof, refund all fees to you except to the extent of (a) any debt to us which you have otherwise incurred and not paid, and (b) any initial franchise fee and development fee for any franchise sold hereunder prior to such termination.

(3) You acknowledge that certain locations within the Development Area may be more appropriately subject to development by national food service companies which specialize in institutional food service operations or may otherwise have exclusivity rights in certain locations. These locations serves primarily the customers located within the facility and may including (without limitation): (i) captive audience facilities (examples include parks charging admission, stadiums, amusement parks and centers, and theaters); (ii) limited purpose facilities (examples include airports, transportation centers, department stores, business and industrial complexes, museums, educational facilities, hospitals, and recreational parks); (iii) limited access facilities (examples include military complexes, buyer club businesses, educational facilities, and business and industrial complexes); (iv) other types of institutional accounts; and (v) temporary event locations (e.g. food shows, trade shows, athletic competitions, trade competitions, fundraisers or charitable events, conventions, fairs, and other community gatherings);, kiosks, mobile units, concessions or “shops in shops”, and other similarly situated sites or other non-traditional locations (“Non-Traditional Sites”). We shall have the right to construct and operate, and shall have the right to franchise others to construct and operate, **Huey Magoo's®** Restaurants at such Non-Traditional Sites regardless of location within the Development Area or within an exclusive territory and such shall not constitute a conflict or violation under this Agreement.

(4) We also retain the rights to: (i) establish, develop, license or franchise other business models, different from the Business System licensed by this Agreement within or outside the Development Area, regardless of its proximity to, or potential impact on, the Restaurants; and (ii) sell or offer to sell similar products and services authorized for the Restaurants using our trademarks or copyrights through dissimilar channels of distribution including the Internet, catalog sales, telemarketing, or other direct marketing within or outside the Development Area; and (iii) Sell and distribute products or license others to sell and distribute products, within or outside the Development Area, through grocery or convenience stores or other similar retail stores all without offering or providing you any rights in, to, or under the other systems.

(5) If we determine that it is necessary to locate a Company-Owned Restaurant or Franchise Restaurant in the Development Area to prevent a Competitive Business from being located in the Development Area, we will give you written notice of this determination and advise you of the proposed location of the proposed Restaurant. For 30 days after the date of the notice, you have the sole option to purchase the development rights for a **Huey Magoo's®** Restaurant for the location; provided You are not ineligible to operate the Franchise Restaurant at the proposed location due (for example, due to governmental restrictions). If you fail to exercise this option, we have the right to open a Company-Owned Restaurant or grant a Franchise Restaurant at that location without any liability to you.

2. RESTAURANT CLOSINGS

A **Huey Magoo's®** Restaurant which is permanently closed with our approval after having been open shall be deemed open and in operation for purposes of the Minimum Development Quota if a substitute **Huey Magoo's®** Restaurant is open and in operation within six (6) months from the date of such closing. Such replacement Restaurant shall not otherwise count toward such quotas. The opening of any such substitute **Huey Magoo's®** Restaurants shall be conditioned upon either the payment of the current initial franchise fee charged by us or our then standard relocation fee, as determined by us, and shall comply with the Relocation terms and requirements as outlined in Section 1.4 of your Franchise Agreement.

You acknowledge and agree that a **Huey Magoo's®** Restaurant Unit that closes for more than twenty (20) days during any period of twelve (12) months shall not be counted as open and in operation as of the next Restaurant opening date after such closing for purposes of determining your meeting of the Minimum Development Quota.

3. DEVELOPMENT FEE

Concurrent with the execution of this Agreement you shall pay to us a nonrefundable, fully earned Development Fee equal to: (i) the Initial Franchise Fee for the first **Huey Magoo's®** Restaurant that you will develop, plus (ii) a Seventeen Thousand Five Hundred and No/100 (\$17,500.00) deposit for each subsequent **Huey Magoo's®** Restaurant (the "Development Deposit") which you are required to develop, own, and operate pursuant to this Agreement as set forth in Exhibit B (the "Development Fee"). The Development Fee is payable in full when you sign this Agreement and will be fully earned when paid. You recognize that we have incurred

administrative and other expenses in relation to this Agreement, and that our development opportunities have been lost or curtailed as a result of the territorial rights granted to you in this Agreement. Therefore, we will not refund the Development Fee in whole or in part, under any circumstance.

Simultaneously with the execution of this Agreement, you must also execute a Franchise Agreement for the first **Huey Magoo's®** Restaurant to be developed. For each subsequent Restaurant, you will sign the Franchise Agreement and pay the balance of the Initial Franchise Fee for the **Huey Magoo's®** Restaurant upon execution of the Franchise Agreement applicable to the **Huey Magoo's®** Restaurant scheduled to be developed as per Exhibit B hereto. Your Initial Franchise Fee (as defined in the Franchise Agreement) for each **Huey Magoo's®** Restaurant you develop pursuant to this Agreement will be Thirty-Five Thousand Dollars (\$35,000). We will credit the Development Deposit attributable to each subsequent **Huey Magoo's®** Restaurant you develop – that is, \$17,500 per subsequent **Huey Magoo's®** Restaurant – against the Initial Franchise Fee for the **Huey Magoo's®** Restaurant. Each subsequent Franchise Agreement must be executed and delivered to us in accordance with Section 4 of this Agreement.

4. GRANT OF FRANCHISES TO YOU

Subject to the provisions of Section 1 hereof, we agree to grant franchises to you for the operation of **Huey Magoo's®** Restaurants located within the Development Area, subject to the following:

A. You execute our then-current form of Franchise Agreement for each franchise location within the Development Area, and pay the franchise fee set forth on Exhibit B less a credit equal to the Development Deposit for each franchise granted hereunder. Except for the first franchise fee which is payable with the execution of the Development Agreement, payment of each subsequent franchise fee is made at the time you execute the Franchise Agreement for each **Huey Magoo's®** Restaurant franchised hereunder. Each subsequent Franchise Agreement will be executed according to the following procedure:

(1) Within a period of time we deem appropriate following the receipt of an executed lease with Agreement Regarding Franchisee Lease (form attached herein as Exhibit E), we will deliver to you a copy of our then-current applicable Huey Magoo's Franchise Disclosure Document, including our then-current applicable Huey Magoo's Franchise Agreement.

(2) Promptly upon receipt of the Franchise Disclosure Document, you must acknowledge receipt by executing the Receipt form prescribed in the Franchise Disclosure Document and promptly returning the receipt to us.

(3) Upon our receipt of your signed Franchise Disclosure Document Receipt, but no sooner than fourteen business days but no later than thirty calendar days after we receive your signed Franchise Disclosure Document Receipt, we will deliver to you the Franchise Agreement. Promptly upon receipt, you must execute the Franchise Agreement and return it, along with the appropriate fees, to us.

If you fail to perform any of the acts or fail to deliver any of the notices required pursuant to the provisions of subsections (2) or (3) above in a timely fashion, this will be a material and incurable breach of this Agreement which, unless we waive the breach, will entitle us to terminate this Agreement immediately on notice to you, with no opportunity to cure.

B. You shall submit to us the site approval package in the format specified by us and containing the information then specified and required by us. You shall comply with our specifications and requirements regarding site selection, development, and construction, including, without limitation, those concerning relations with and use of approved Architects, Engineers, general contractors, subcontractors, real estate developers and, if required by us, real estate broker(s). Each location is expressly contingent upon our acceptance of the site for each location at which you propose to establish and operate a **Huey Magoo's®** Restaurant and which you reasonably believe to conform to site selection criteria established by us from time to time. Such proposed site shall be subject to the acceptance by us in our sole discretion. You understand that any advice we furnish regarding site selection and our proposal, inspection and/or acceptance of any proposed site for each of your Restaurant locations will not constitute, and will not be deemed to constitute, our express or implied representation, warranty, guarantee or any other indication of the prospective profitability, viability or merit of any Restaurant location.

C. You acknowledge that in order to preserve and enhance the reputation and goodwill of all **Huey Magoo's®** Restaurants and the goodwill of the Proprietary Marks, all **Huey Magoo's®** Restaurants must be properly developed and operated. Accordingly, you agree that we may refuse to grant to you a franchise for a proposed **Huey Magoo's®** Restaurant, unless you meet the standard financial capability criteria as may be developed from time to time by us. To this end, you shall furnish to us such financial statements and financial and other information regarding you or your company and the development and operation of the proposed **Huey Magoo's®** Restaurant (including, without limitation, pro forma statements and investment and financing plans for the proposed **Huey Magoo's®** Restaurant as we may reasonably require).

D. Prior to undertaking any development in the Development Area, you shall submit to us for our approval a trade area analysis which will provide for a market development plan (the "Market Plan") for each defined market area in their Development Area. The Market Plan must include the information required by us, as updated from time to time.

5. CONFIDENTIAL INFORMATION

A. We possess certain confidential information, consisting of the ingredients, recipes, and methods of preparation of food products sold at **Huey Magoo's®** Restaurants and the methods, techniques, formats, specifications, procedures, information, systems, including our Operations Manual (the "Manual") and knowledge of the experience in the operation and franchising of **Huey Magoo's®** Restaurants (the "Confidential Information"). Confidential Information includes, but is not limited to, the information described in the definition of Confidential Information in each Franchise Agreement. We will disclose the Confidential Information to you in providing training, guidance and assistance to you under the Franchise Agreement.

B. You acknowledge and agree that you will not acquire any interest in the Confidential Information, other than the rights to utilize it in the development and operation of **Huey Magoo's®** Restaurants pursuant to this Agreement and the Franchise Agreements, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary and is a trade secret of ours and is disclosed to you solely on the condition that you agree, and you do hereby agree, that you: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written, visual, auditory or other tangible form; (4) will adopt and implement all reasonable procedures prescribed from time to time by us to prevent unauthorized use or disclosure of the Confidential Information, including without limitation, restrictions on disclosure thereof to employees of **Huey Magoo's®** Restaurants and the use of nondisclosure and noncompetition clauses in employment agreements with such persons; (5) will not disclose the Confidential Information to limited partners, members or investors in your company (in the event this Agreement is assigned to, or in the name of, a partnership, limited liability company or corporation), except to the extent certain financial reporting may be required by applicable partnership or securities laws and unless such individuals sign a trade secret agreement in a form that is satisfactory to us; and (6) will require each person or entity with a 5% or more equity interest in your company and each Restaurant manager to execute the Confidentiality Agreement attached hereto as Exhibit C.

C. All copyrights in confidential information (including, but not limited to, the operating manual) and in promotional, advertising and other materials, and any and all discoveries, inventions, ideas and/or improvements (whether or not patentable or copyrightable) relating to a **Huey Magoo's®** Restaurant, whether created by you, your owners (if the developer is a corporation, limited liability company or partnership) or their agents and independent contractors, shall be promptly disclosed by you to us and shall be our sole and exclusive property and, if applicable, deemed to be works made-for-hire for us. You and your owners (if applicable) will execute, and cause their agents and independent contractors to execute, whatever assignment or other documents we requests to evidence our ownership or to assist us in obtaining copyright registrations or patent rights. You and your owners (if applicable) will use such items solely in connection with activities permitted in this Agreement and will not use any substantially similar material for any purpose during or after the term of this Agreement.

6. PROPRIETARY MARKS

A. Ownership and Goodwill of Proprietary Marks. You acknowledge that we own the Proprietary Marks and that you have no interest whatsoever in or to the Proprietary Marks and that your right to use the Proprietary Marks is derived solely from this Agreement and is limited to the conduct of your business pursuant to and in compliance with this Agreement and all applicable specifications, standards and operating procedures prescribed by us from time to time during the term of the Franchise. Any unauthorized use of the Proprietary Marks by you shall constitute an infringement of our rights in and to the Proprietary Marks.

You agree that all usage of the Proprietary Marks by you and any goodwill established thereby shall inure to our exclusive benefit, and You acknowledge that this Agreement does not confer any goodwill or other interests in the Proprietary Marks upon you. You shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Proprietary Marks or assist any other person in contesting the validity or ownership of any of the Proprietary Marks.

You shall not use any Proprietary Mark as part of any corporate or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form, nor may you use any Proprietary Marks in connection with any business or activity, other than the business conducted by you pursuant to this Agreement, or in any manner not explicitly authorized in writing by us. Any unauthorized use of the Proprietary Marks by you shall constitute an infringement of our rights in and to the Proprietary Marks, and further, failure to strictly comply with any and all provisions regarding use of the Proprietary Marks in this Section 6 shall be a breach of this Agreement and be grounds for termination of this Agreement without the opportunity to cure.

All provisions of this Agreement applicable to the Proprietary Marks shall apply to any additional trademarks, service marks, logo forms and commercial symbols hereafter authorized for use by and licensed to Franchisee pursuant to the Franchise.

7. MANAGEMENT OF BUSINESS

A. You (a managing member, partner or shareholder approved by us) shall exert his or her full-time efforts to their obligations hereunder and shall not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility, time commitments, or otherwise may conflict with your obligations hereunder. You (or such managing member, partner or shareholder) shall supervise the development and operation of **Huey Magoo's®** Restaurants franchised pursuant hereto, but need not be engaged in the day-to-day operations of any such Restaurant.

B. You agree, at your expense, to maintain and preserve at your principal office, full, complete and accurate records and reports and, if required by us, computer records and databases in the form specified by us from time to time pertaining to the development and operation of **Huey Magoo's®** Restaurant and the performance by you of your obligations under this Agreement. We and our agents shall have the right, at any reasonable time, to inspect, audit and copy any books, reports, computer databases and documents pertaining to your obligations hereunder. You agree to fully cooperate with us with respect to any such audit or inspection.

In addition to complying with the reporting requirements specified in the Franchise Agreement, you shall report to us, on the last day of March, June, September and December of each year, or at other times upon written request, a report on your financing plan and your activities during the immediately preceding accounting period, as defined by us, including without limitation: your activities in locating and developing sites and monitoring the operation of **Huey Magoo's®** Restaurant(s), training activities, violations of health codes and other laws, and the

anticipated development program/plan for the next succeeding required opening date in the form prescribed by us from time to time.

8. COMPLIANCE WITH FRANCHISE AGREEMENT AND LAWS, RULES, AND REGULATIONS

A. You agree to abide by and faithfully adhere to the terms of each Franchise Agreement signed pursuant to this Agreement.

B. You further agree to develop and operate the Huey Magoo's® Restaurants in strict compliance with all applicable laws, rules and regulations of all governmental authorities; to comply with all applicable wage, hour and other laws and regulations of the federal, state and local governments; to prepare and file all necessary tax returns; to pay all taxes imposed upon you related to the Huey Magoo's® Restaurants; and, to obtain and keep in good standing all necessary licenses, permits and other required forms of governmental approval required of you.

9. DEVELOPER BUSINESS ENTITY REQUIREMENTS

If you are a business entity, you must comply with the following requirements (which will apply to any business entity assignee of yours):

A. Furnish us with your formation, organizational, and governing documents; any shareholders, partnership, members, buy-sell or equivalents agreements and documents; list of officers, directors, shareholders, partners (limited and general), proprietors or members (including type, number and percentage of interests held) in the form annexed hereto as Exhibit D), and any other documents we may reasonably request, and any amendments to them.

B. You must promptly notify us in writing of any change in any of the information specified, or in any document referred to, herein.

C. All of your business entity's organizational documents (including any partnership, partnership agreements, incorporation documents, organization/formation documents, bylaws, operating agreements, shareholders agreements, buy/sell or equivalent agreements, and trust instruments) will recite that the issuance or transfer of any interest in you is restricted by the terms of this Agreement, and that the sole purpose for which you are formed (and the sole activity in which you are or will be engaged) is the conduct of a franchised **Huey Magoo's®** Restaurant(s) pursuant to one or more development and/or franchise agreements from us and that your activities will be exclusively confined to such purpose.

10. TERMINATION

I. By COMPANY.

A. In addition to our right to terminate under Paragraph C of Section 1 hereof, you shall be deemed to be in default under this Agreement and all rights granted herein shall automatically terminate upon notice to you:

(i) if you shall become insolvent or make a general assignment for the benefit of creditors; or (ii) if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; or (iii) if you are adjudicated a bankrupt or insolvent; or if a bill in equity or other proceeding for the appointment of a receiver for you or other custodian for your business or assets is filed and consented to by you; or (iv) if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or (v) if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; or (vi) if a final judgment in excess of \$25,000 remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or (vii) if you are dissolved; or (viii) if execution is levied against your business or property; or (ix) if suit to foreclose any lien or mortgage against any of the Restaurant Locations or equipment is instituted against you and not dismissed within thirty (30) days; or (x) if the real or personal property of your Restaurant shall be sold after levy thereupon by any sheriff, marshal or constable.

B. You shall be deemed to be in default and we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, effective immediately upon receipt of notice by you, upon the occurrence of any of the following events:

(i) You (or, if you are a corporation, limited liability company or partnership, any of your shareholders, members or partners) make an unauthorized assignment or transfer of this Agreement or any interest in any **Huey Magoo's®** Restaurant or Franchise Agreement granted pursuant to this Agreement;

(ii) You deny us the right to inspect your Huey Magoo's Restaurant or to audit your records.

(iii) You have made any material misrepresentation or omission in your application for the development rights conferred by this Agreement or are convicted of or plead no contest to a felony or other crime or offense that may adversely affect the goodwill associated with the Proprietary Marks or you or any of your Franchise Owners conducts themselves in a manner offensive to decency, morality, or social proprieties, or becomes involved in a situation which subjects either you, us, or the Business System of **Huey Magoo's®** Restaurants to public disrepute, contempt or scandal;

(iv) You make any unauthorized use of the Proprietary Marks or unauthorized use or disclosure of the Confidential Information in which event there shall be no opportunity to cure this default and the rights granted hereunder will automatically terminate;

(v) You fail to comply with any other provision of this Agreement including, but not limited to, the development obligations for the Development Area as set forth on Exhibit B, the Minimum Development Quota;

(vi) You fail on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with this Agreement or execute our standards as outlined

in the Operations Manual as measured by our Restaurant Operations Evaluation inspection, whether or not such failures to comply are corrected after notice thereof is delivered to you;

(vii) You (or any of your affiliates) violate any material covenant, term, or condition contained in the Franchise Agreement or any franchise agreement hereinafter entered into between us and you (or any of your affiliates) pursuant to this Agreement, or of any note or agreement between us (or an affiliate) and you, the effect of which is to allow us (or an affiliate) to accelerate the maturity of or to terminate such note or agreement before its stated maturity or termination date. Your “affiliates” include any persons or entities controlling, controlled by, or under common control with you; or

(viii) Your termination of a Franchise Agreement without cause.

II. By You.

If you are in full compliance with this Agreement and with all Franchise Agreements and we materially breach this Agreement, you may terminate this Agreement effective thirty (30) days after our receipt of written notice of termination if you give written notice of such breach to us and we do not:

(a) correct such breach within thirty (30) days after our receipt of such notice of material breach; or

(b) if such breach cannot reasonably be cured within thirty (30) days after our receipt of such notice, undertake within thirty (30) days after our receipt of such notice, and continue until completion, reasonable efforts to cure such breach.

Any termination of this Agreement by you other than as provided in this paragraph shall be deemed a termination by you without cause.

11. EFFECT OF TERMINATION AND EXPIRATION

A. CONTINUING OBLIGATIONS

All of your obligations under this Agreement which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement and until they are satisfied in full or by their nature expire.

B. COVENANT NOT TO COMPETE

(1) You specifically acknowledge that, pursuant to this Agreement, you will receive valuable specialized training and confidential information, including without limitation, information regarding our operational, sales, promotional and marketing methods and techniques. You covenant that during the term of this Agreement, except as otherwise approved in writing by us, neither you, nor any of your Franchise Owners shall, either directly or indirectly, for yourself

or their selves, or through, on behalf of, or in conjunction with any person, persons, partnership or corporation:

(a) divert or attempt to divert any business or customer of the business franchised hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with our Proprietary Marks and the Business System.

(2) You acknowledge and agree that we would be unable to protect its trade secrets against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among Huey Magoo's® Restaurants if owners of Huey Magoo's® Restaurants were permitted to hold interests in any business which offers or sells any of the programs, products or services which Huey Magoo's Restaurants now or hereafter are authorized for sale under the Business System (including any business that operates a casual or fast casual restaurant that sells or offers to dispense prepared food products the same as or similar to the type sold in Huey Magoo's Restaurants or any business establishment that sells or offers to dispense chicken tenders); which offers or sells similar or related programs, products or services; which engages in any of the activities which the Franchise Agreement for each Restaurant contemplates that the franchisee of each Restaurant developed hereunder will engage in; or, which offers or sells any other program, product, service or component which now or in the future is part of the Business System, or any confusingly similar program, product or service (a "Competitive Business"). Therefore, during the term of this Agreement and for a period of 2 years immediately following the later of (i) the termination, expiration or non-renewal of the Franchise Agreement or any Successor Franchise Agreement or the transfer of your Huey Magoo's Restaurant or (ii) the date on which the Undersigned begins to comply with this Section 11(B), neither you, any assignee shareholder, member or partner (in the event this Agreement is assigned to a corporation, limited liability company or partnership), nor any member of his or their immediate families, will not directly or indirectly have any involvement with a Competitive Business as an owner, investor, partner, member, director, officer, manager, employee, consultant, representative, agent, lender, landlord, sublessor, broker, franchisee or in any other capacity (this restriction will not apply to a 5% or less beneficial interest in a publicly-held corporation) having a location (i) at the Restaurant Location, in the Limited Protected Territory of each Restaurant developed hereunder or within 3 miles of the perimeter of the Limited Protected Territory of each Restaurant developed hereunder; or (ii) within 3 miles of any Franchised Restaurant or Company-Owned Restaurant then in operation or under contract, or within 3 miles of the perimeter of (or within) another Franchisee's Limited Protected Territory.

(3) The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 11 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 11.

(4) You understand and acknowledge that we shall have the right, in our sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without your consent, effective immediately upon receipt by you of written notice thereof; and you agree that you shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 11 hereof.

(5) You agree that the existence of any claims you may have against us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by us of the covenants in this Section 11. You agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by us in connection with the enforcement of this Section 11.

(6) You acknowledge that your violation of the terms of this Section 11 would result in irreparable injury to us for which no adequate remedy at law may be available, and you accordingly understand that we may seek the issuance of an injunction prohibiting any conduct by you in violation of the terms of this Section 11.

(7) You shall require and obtain execution of our form of Confidentiality and Non-Compete Agreement, in the form attached hereto as Exhibit C-1 from any or all of the following persons: all officers, directors, members, management personnel and your Franchise Owners. You shall require and obtain execution of our form of Confidentiality Agreement from your employees and independent contractors, in the form attached hereto as Exhibit C-2. Your failure to obtain execution of a covenant required by this Section 11 shall constitute a default under Section 10 hereof.

You agree to prosecute to the fullest extent permitted by law breaches of any Confidentiality and Non-Compete Agreement or Confidentiality Agreement executed pursuant to this Section 11(B) and you acknowledge our right, to be exercised in our sole business judgment, to ourselves enforce the terms of each executed Confidentiality and Non-Compete Agreement and Confidentiality Agreement.

C. GENERAL

Upon termination or expiration of this Agreement for any reason, your rights under this Agreement will terminate. We will thereafter have no further obligation to grant you additional franchises for **Huey Magoo's®** Restaurants (except as otherwise provided in Section 1.B hereof) and will be free to operate, or grant other persons franchises to operate, **Huey Magoo's®** Restaurants within the Development Area, subject to the Limited Protected Territories previously granted to you under individual executed Franchise Agreements.

12. ASSIGNMENT

A. BY COMPANY

This Agreement is fully assignable by us and shall inure to the benefit of any assignee or other legal successor to our interests. We have the right to delegate the performance of any portion or all of our obligations under this Agreement to third party designees, whether these

designees are our agents or independent contractors with whom we have contracted to perform these obligations. If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Section 12.

B. YOU AND YOUR OWNERS MAY NOT ASSIGN WITHOUT WRITTEN APPROVAL OF COMPANY

You understand and acknowledge that the rights and duties created by this Agreement are personal to you and that we have granted this Agreement in reliance upon your individual or collective character, skill, aptitude, attitude, business ability, and financial capacity (or of your Franchise Owners if you are a corporation, limited liability company or partnership). Therefore, neither this Agreement (or any interest therein), nor any part or all of your ownership, nor any part of the development rights granted hereunder, may be voluntarily, involuntarily, directly or indirectly, assigned, sold, subdivided, subfranchised, or otherwise transferred by you or your Franchise Owners (including without limitation, by consolidation or merger, by issuance of securities representing an ownership interest in you, by conversion of a general partnership to a limited partnership, by transfer or creation of an interest as a general partner of a limited partnership, by transfer of any interest in you or in this Agreement in a divorce proceeding, or in the event of your death or that of a Franchise Owner by will, declaration of or transfer in trust or the laws of the intestate succession), without our prior written consent. Any purported assignment or transfer without such consent as required by this Section 12.B. shall be null and void and shall constitute a material breach of this Agreement for which we may then terminate without cure pursuant to Section 10.B.(i) of this Agreement. Furthermore, you may not retain or otherwise contract with any entity which is not a party to this Agreement to provide oversight, management or administrative services for Restaurants developed pursuant to this Agreement unless such entity is either your employee or has been approved in writing by us. We may condition such approval on the receipt of a new Guaranty Agreement and new Confidentiality Agreement from the principals of such entity as well as anyone attending any or all of our management training program.

(1) We shall not unreasonably withhold our consent to a transfer of any interest in your company or in this Agreement; provided, however, that if a transfer, alone or together with other previous, simultaneous or proposed transfers, would have the effect of transferring a controlling interest in your company or this Agreement, We may, in our sole discretion, require any or all of the following as conditions of its approval:

(a) All of your accrued monetary obligations and all other outstanding obligations to us, our subsidiaries, and our affiliates shall have been satisfied;

(b) You are not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between us, or our subsidiaries and affiliates;

(c) You shall have executed and delivered to us a general release under seal, in a form satisfactory to us, of any and all claims against us and our officers, managers,

members and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances;

(d) The transferee shall enter into a written assignment, under seal and in a form satisfactory to us, assuming and agreeing to discharge all of your obligations under this Agreement; and, if your obligations were guaranteed by the transferor, the transferee shall guarantee the performance of all such obligations in writing in a form satisfactory to us;

(e) The transferee shall demonstrate to our satisfaction that it meets our educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business franchised herein (as may be evidenced by prior related business experience or otherwise); and has adequate financial resources and capital to operate the business;

(f) You shall also transfer any **Huey Magoo's®** Restaurants operating in the Development Area and owned by you in conjunction with all development rights granted hereunder. Transfer of partial development rights is prohibited;

(g) You shall have in operation, in the Development Area, at least one (1) **Huey Magoo's®** Restaurant;

(h) The transferee and/or its personnel, at our request, must complete at your expense our training program to our satisfaction prior to the transfer at the time specified by us and the transferee must have paid our then-current standard training charges;

(i) You or the transferee must have paid to us a transfer fee in the amount Seventeen Thousand Five Hundred Dollars (\$17,500.00) Dollars;

(j) If the transferor finances any part of the sale price of the transferred interest, the transferor must agree, in a manner satisfactory to us, that all obligations of the transferee under or pursuant to any promissory notes, agreements or security interests reserved by the transferor in the assets of any Restaurant shall be subordinate to the obligations of the transferee to pay all amounts due to us and any of our affiliates pursuant to this Agreement, any new development agreement entered into by us and the transferee and all Franchise Agreements executed pursuant to this Agreement and any such new development agreement, and to the obligations of the transferee to otherwise comply with this Agreement or the Franchise Agreements executed under this Agreement;

(k) The transferee and its owners, at our option, must agree, in a manner satisfactory to us, to be bound by all terms and conditions of this Agreement for the remainder of its term or, at our option, execute our then-current form of standard development agreement and such ancillary documents (including guarantees) as are then used by us at such time in the grant of development rights for **Huey Magoo's®** Restaurants, modified as necessary to provide for the same fees required hereunder and a term equal to the remaining term of this Agreement; and

(1) The transferee and you shall acknowledge and agree that our approval of the proposed transfer indicates only that the transferee meets or we have waived the acceptable criteria established by us for you as of the time of such transfer and that our approval thereof does not constitute a warranty of guaranty by us, express or implied, of the suitability of the terms of sale or of the successful operation or profitability of the Restaurant by the transferee.

(2) Right of First Refusal.

(a) You or any party holding any direct or indirect interest in you or in this Agreement and who desires to accept any bona fide offer from a third party to purchase such interest shall notify us in writing of each such offer, and shall provide such information and documentation relating to the offer as we may require. We shall have the right and option, exercisable within thirty (30) days after receipt of such written notification (along with all information and documentation relating to the offer), to send written notice to the seller that we intend to purchase the seller's interest on the same terms and conditions offered by the third party. In the event that we elect to purchase the seller's interest, closing on such purchase must occur within thirty (30) days from the date of notice to the seller of our election to purchase. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by us as in the case of an initial offer. Our failure to exercise the option afforded by this Section 12 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 12, with respect to a proposed transfer.

(b) In the event we exercise our right of first refusal, the agreement of sale relating to such sale shall contain customary representations and warranties given by the seller of the assets of a business or voting stock of any incorporated business, as applicable, including, without limitation, representations and warranties as to ownership, condition of and title to stock and/or assets, liens and encumbrances relating to the stock and/or assets and validity of contracts.

(c) Upon your death permanent incapacity of or, if you are a corporation, partnership or limited liability company, upon the death or permanent incapacity of a Franchise Owner, all of such person's interest in this Agreement, or such interest in your company shall be transferred to a transferee approved by us. Such disposition of this Agreement or such interest in your company (including, without limitation, transfer by bequest or inheritance), shall be completed within a reasonable time, not to exceed nine (9) months from the date of death or permanent disability and shall be subject to all the terms and conditions applicable to transfers contained in this Section. Failure to so transfer the interest in this Agreement or such interest in your company, within said period of time shall constitute a breach of this Agreement.

C. PUBLIC OR PRIVATE OFFERINGS

Notwithstanding anything in this Section to the contrary, securities (debt or equity) of your company or an entity owning a direct or indirect equity interest in your company or this Agreement, or any Restaurant or Franchise Agreement may not be offered pursuant to a private or public offering of securities or any governmentally-regulated offering of securities without our prior written consent. You may make a private placement of securities if:

(a) Such private placement complies with all applicable federal, state and local laws governing offerings of securities;

(b) Such private placement complies with each of the relevant transfer procedures, requirements and limitations contained herein other than the limitation in this Section 12.C preceding this provision;

(c) Such private placement does not result in any change in operating control of your or any Restaurant or in the individual or individuals controlling the management, policies or any decision of your company or any Restaurant, and each such entity or individual receiving securities in such private placement shall have been identified and be reasonably acceptable to us;

(d) Any offering memorandum or information used in connection with any such private placement is submitted to us for review and comment a reasonable time prior to its use and our reasonable comments and suggestions thereon are given due consideration;

(e) Any offering memorandum or other information used in connection with any such private placement shall clearly identify that it is not an offering of Huey Magoo's and that we have not supplied any financial information, projections, budgets, cost estimates or similar information contained therein, all of which shall be your sole responsibility;

(f) Each recipient of information relating to such private placement shall agree to maintain it in confidence;

(g) The structure, timing, allocation and nature of such private placement shall be reasonably acceptable to us; and

(h) We are indemnified by you for any and all costs, expenses, claims, actions, judgments and liabilities (including, but not limited to, costs and expenses related to legal defense) arising from or relating to such private placements.

You shall reimburse us for our reasonable expenses in connection with any offering or proposed offering restricted pursuant to this paragraph (including attorneys' fees) and shall comply with all of our requirements in connection with such offering including, without limitation, adding appropriate disclaimers to the offering documents and execution of appropriate indemnification agreements.

13. ENFORCEMENT

A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS

If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or non-renewal of this Agreement than is required hereunder, or the taking of some other action not required hereunder, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating

procedure prescribed by us is invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provisions hereof, and we shall have the right, in our sole discretion, to modify such invalid or unenforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable. You agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof, or any specification, standard or operating procedure prescribed by us, any portion or portions which a court may hold to be unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order. Such modifications to this Agreement shall be effective only in such jurisdiction, unless we elect to give them greater applicability, and this Agreement shall be enforced as originally made and entered into in all other jurisdictions.

B. WAIVER OF OBLIGATIONS

We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other or such other effective date stated in the notice of waiver. Whenever this Agreement requires our prior approval or consent, you shall make a timely written request therefor, and such approval, shall be obtained in writing.

We make no warranties or guarantees upon which you may rely, and assume no liability or obligation to you, by granting any waiver, approval, or consent to you, or by reason of any neglect, delay, or denial of any request therefor. Any waiver granted by us shall be without prejudice to any other rights we may have, will be subject to continuing review by us, and may be revoked, in our sole discretion, at any time and for any reason, effective upon delivery to you of ten (10) days prior written notice.

We and you shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including, without limitation), the right to demand exact compliance with every term, condition and covenant herein, or to declare any breach thereof to be a default and to terminate this Agreement prior to the expiration of its term), by virtue of any custom or practice of the parties at variance with the terms hereof; any failure, refusal, or neglect of us or you to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations hereunder; any waiver, forbearance, delay, failure, or omission by us to exercise any right, power, or option, whether of the same, similar or different nature, with respect to any **Huey Magoo's®** Restaurants or any development or franchise agreements therefor; any grant of a Franchise Agreement to you; or the acceptance by us of any payment from you after any breach of this Agreement.

Neither we nor you shall be liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform its obligations results from: (1) compliance with any law, ruling, order, regulation, requirement, or instruction of any federal, state, or municipal government or any department or agency thereof; (2) acts of God; (3) acts or omissions of the other party; (4) fires, strikes, embargoes, war, or riot; or (5) any other similar event or cause which are force

majeure in nature. Any delay resulting from any of said causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable.

C. SPECIFIC PERFORMANCE/INJUNCTIVE RELIEF

Nothing herein contained shall bar our right to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause it loss or damages, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. You agree that we may have 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.

D. RIGHTS OF PARTIES ARE CUMULATIVE

The rights of the parties hereunder are cumulative and no exercise or enforcement by either of us of any right or remedy hereunder shall preclude the exercise or enforcement by either of us of any other right or remedy hereunder or which either of us is entitled by law or equity to enforce.

E. GOVERNING LAW

Except to the extent governed by the United States Trademark Act of 1946 (15 U.S.C. §1501 et seq.) or other federal law, this Agreement and all claims arising from the relationship between the parties shall be governed by the laws of the State of Florida without regard to its conflict of laws principles.

F. EXCLUSIVE JURISDICTION

You agree that any action arising out of or relating to this Agreement (including, without limitation, the offer and sale of this Agreement) and the relationship of the parties shall be instituted and maintained only in a state or federal court of general jurisdiction in Broward County, Florida and you irrevocably submit to the jurisdiction of such court and waives any objection you may have to either the jurisdiction or venue of such court.

G. BINDING EFFECT

This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns, and successors in interest, and shall not be modified except by written agreement signed by both parties.

H. CONSTRUCTION

The preambles and exhibit(s) are a part of this Agreement, which constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between the parties relating to the subject matter of this Agreement.

Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto.

The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit or construe the contents of such sections or paragraphs.

The term “You” as used herein is applicable to one or more persons, a corporation, limited liability company or a partnership, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two or more persons are at any time “you” hereunder, their obligations and liabilities to us shall be joint and several. References to “you” and “assignee” which are applicable to an individual or individuals shall mean the Franchise Owner(s) of the equity or operating control of your company or the assignee, if you or the assignee is a corporation, limited liability company or partnership.

This Agreement shall be executed in multiple copies, each of which shall be deemed an original and all of which together will constitute one and the same instrument. A scanned copy of an originally-signed signature page that is sent as a .pdf by email, or a signature page bearing an electronically/digitally captured signature and transmitted electronically likewise will be deemed an original.

Time is of the essence in this Agreement.

Where there is a dispute between us, and the resolution thereof is not otherwise specifically set forth herein, the parties agree that the dispute resolution provisions contained in ARTICLE 17 of the Franchise Agreement shall control.

I. ENTIRE AGREEMENT

This Agreement, each Franchise Agreement and their Exhibits represent the entire understanding and agreements between the parties on the subject matter of this Agreement, and supersedes all other negotiations, understandings and representations, if any, made between the parties. No representations, inducements, promises or agreements, oral or otherwise, if any, not embodied in this Agreement or a Franchise Agreement issued hereunder are of any effect. Nothing in the Agreement disclaims the representations we made in the Franchise Disclosure Document and Exhibits that we furnished to you.

14. INDEPENDENT CONTRACTOR; NO THIRD-PARTY BENEFICIARIES

The parties hereto are independent contractors. Nothing in this Agreement may be construed to create a partnership, joint venture, agency, employment or fiduciary relationship of any kind. Neither you nor any of your employees whose compensation you pay may in any way, directly or indirectly, expressly or by implication, be construed to be our employee for any purpose. You will be solely responsible for your employees and all employment related decisions, including, without limitation, decisions concerning wages and benefits, hiring and discharging, training and supervision and work schedules of employees. You are not empowered to, and may not, make any express or implied agreements, warranties, guarantees or representations or incur

any debt or other obligations in our name or for our account (or for those of any of our affiliates). Except as expressly provided in this Agreement, we will have no control or access to your funds or their expenditure or in any other way exercise control over your development business. You must communicate to all your employees that you, not us, are their employer; and you must ensure that no payroll checks or other employment-related documents (such as job applications and W-2s) contain or reference the Proprietary Marks or our name. Neither of the parties shall be obligated by or have any liability under any agreements, representations, or warranties made by the other that are not expressly authorized hereunder, nor shall we be obligated for any damages to any person or property directly or indirectly arising out of the operation of your business conducted pursuant to this Agreement, whether or not caused by your negligent or willful action or failure to act. We shall have no liability for any sales, use, excise, income, gross receipts, property, or other taxes levied upon you or your assets or upon us in connection with the business conducted by you, or any payments made by you to us pursuant to this Agreement or any Franchise Agreement.

You agree to conspicuously identify yourself, your development business, your Huey Magoo's® Restaurant(s), and any other facilities of your businesses in all dealings with third parties as an independent Huey Magoo's franchise business and to place notice of independent ownership on all forms, business cards, stationery, advertising, signs and other materials in the manner that we specify and require from time to time, in our Manuals or otherwise.

All of our obligations under this Agreement are to you alone and no other party is entitled to rely on, enforce or obtain relief for breach of any of our obligations hereunder, either directly or by subrogation.

You promise that you will not avail yourself of any rights or remedies at law or in equity that may arise from an assertion that: (i) you are our agent, legal representative, subsidiary, joint venturer, partner, employee, or servant; or (ii) we are a joint employer for your employees. If such a claim is brought against us, we may use your covenant in this Section 14 as an absolute defense against such claim. Further, if any such claim is brought against us or our affiliates and subsidiaries, and their respective current and former officers, directors, shareholders, partners, employees, predecessors, successors, attorneys, agents, representatives, and assigns, you will indemnify, defend, and hold harmless any such party from and against any such claim.

15. NOTICES AND PAYMENTS

Any and all notices required or permitted under this Agreement shall be in writing; shall be personally delivered, mailed by certified or registered mail with return receipt requested, or by a recognized, documented overnight delivery service capable, through "signature capture" or otherwise, of documenting delivery or attempted delivery of the notice; and, will be effective on the date that delivery is documented to have been first attempted; and shall be addressed to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to the Company: Huey Magoo’s Restaurants, LLC
6220 Hazeltine National Dr., Suite 110
Orlando, FL 32822
Attn: Legal Department

With a copy to: Kaufmann Gildin & Robbins LLP
767 Third Avenue, 30th Floor
New York, New York 10017
Attn: Michelle Murray-Bertrand, Esq.

Notices to Developer : _____

Attention: _____

Either party to this Agreement may, in writing, on 10 days’ notice, inform the other of a new or changed address or addressee(s) to which notices under this Agreement should be sent. We may provide any notice under this Agreement (including, without limitation, any notice of termination) sufficiently in advance of any event to permit compliance with any notice requirements under state or other laws.

16. CONTROLLING EFFECT

Where any of the terms of this Agreement conflict with the terms of any Franchise Agreement executed by the parties in connection herewith, the terms of this Agreement shall be deemed controlling.

17. ANTI-TERRORISM; ANTI-CORRUPTION

You represent and warrant to us that, as of the date of this Agreement and at all times during the Term hereof, and to your actual or constructive knowledge, neither you, any affiliate of yours, any individual or entity having a direct or indirect ownership interest in you or any such affiliate (including any shareholder, general partner, limited partner, member or any type of owner), any officer, director or management employee of any of the foregoing, nor any funding source you utilize is or will be identified on the list of the U.S. Treasury’s Office of Foreign Assets Control (OFAC); is directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government or by any individual that is subject to an embargo imposed by the United States government; is acting on behalf of any country or individual that is subject to such an embargo; or, is involved in business arrangements or other transactions with any country or individual that is subject to an embargo. You agree that you will immediately notify us in writing immediately upon the occurrence of any event which would render the foregoing representations and warranties incorrect. Notwithstanding anything to the contrary in this Agreement, you may not allow, effect or sustain any transfer, assignment or other disposition of this Agreement to a “Specially Designated National or Blocked Person” (as defined below) or to an entity in which a “Specially Designated National or Blocked Person has an interest. For the purposes of this Agreement, “Specially Designated National or Blocked

Person” means: (i) a person or entity designated by OFAC (or any successor officer agency of the U.S. government) from time to time as a “specially designated national or blocked person” or similar status; (ii) a person or entity described in Section 1 of U.S. Executive Order 13224, issued on September 23, 2001; or, (iii) a person or entity otherwise identified by any government or legal authority as a person with whom you (or any of your owners or affiliates) or we (or any of our owners or affiliates) are prohibited from transacting business.

You further agree that you will not hire, retain, employ or otherwise engage the services of any individual or entity in contravention of the Patriot Act; any law, rule or regulation pertaining to immigration or terrorism; or, any other legally prohibited individual or entity.

You represent and warrant that neither you, nor any entity or individual having an ownership interest in you; nor any affiliate of either yours; nor any officer, director, employee, contractor or servant of any of the foregoing, has in the past, currently does or will in the future support terrorism; provide money or financial services to terrorists; is engaged in terrorism; is on the current United States government list of organizations that support terrorism; has been engaged in or been convicted of fraud, corruption, bribery, money laundering, narcotics trafficking or other crimes; and, that all of the foregoing individuals are eligible under applicable United States Immigration laws to travel to the United States for training or any other purpose. You are solely responsible for ascertaining what actions you must take to comply with all anti-terrorism and anti-corruption laws, and you specifically acknowledge and agree your indemnification responsibilities as provided in this Agreement pertain to your obligations under this Section 17. Any misrepresentation by you under this Section 17 or any violation of any anti-terrorism or anti-corruption laws by you, your owners, or employees will constitute grounds for immediate termination of this Agreement and any other agreement you have entered into with us or any of our affiliates.

18. CERTAIN DEFINITIONS

“**Franchise Owner**” shall mean you and/or each Owner which has a direct or indirect equity interest in your company of five percent (5%) or more (regardless of whether such Owner is entitled to vote thereon provided, however, that a reduction in a Franchise Owner’s equity interest below five percent (5%) shall not affect his/her/its status as a Franchise Owner unless such reduction is the result of the transfer of all his/her/its equity interests in compliance with this Agreement. “**Limited Protected Territory**” an area mutually agreed upon by the parties to the Franchise Agreement for each Restaurant developed hereunder, wherein the Franchisee of the Restaurant will have the right to operate the Restaurant. The Limited Protected Territory of each Restaurant will be more precisely described in Exhibit A to the subject Franchise Agreement.

19. SUBMISSION OF AGREEMENT

The submission of this Agreement to you merely as an exhibit to our Franchise Disclosure Document (and not individually) does not constitute an offer. This Agreement will become effective only upon the execution of this Agreement by both us and you. Our date of execution will be considered the date of execution of this Agreement.

Except as provided in this Agreement, a party cannot amend, supplement or change the provisions of this Agreement except by an Amendment to Development Agreement signed by the parties. Only an authorized officer of ours has the authority to sign an Amendment to Development Agreement on our behalf.

THIS AGREEMENT WILL NOT BE BINDING ON US UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF OURS.

YOU ACCEPT AND AGREE TO EACH AND ALL OF THE PROVISIONS, COVENANTS AND CONDITIONS OF THE FOREGOING AGREEMENT.

[Signature page following]

IN WITNESS WHEREOF, the parties hereto have signed this Agreement as of the date first above written.

HUEY MAGOO’S RESTAURANTS LLC DEVELOPER

By: _____ By: _____

Name: _____ Name: _____

Title: _____ Title: _____

Date: _____ Date: _____

**STATE ADDENDA TO
HUEY MAGOO'S RESTAURANTS, LLC DEVELOPMENT AGREEMENT**

CALIFORNIA ADDENDUM TO DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Development Agreement, the following provisions will supersede and apply to all Development Agreements offered and sold in the State of California:

1. Section 11(B) of the Development Agreement (“Covenant Not to Compete”) contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
2. Section 18.13 of the Development Agreement (“Exclusive Jurisdiction”) requires venue to be limited to the laws of the state, county and judicial district in which our principal place of business is then located (which is currently, Broward County, Florida). This provision may not be enforceable under California law.
3. California Business and Professions Code 20000 through 20043 provide rights to the franchisee (and developer) concerning transfer, termination, or non-renewal of a franchise (and area franchise). If the franchise agreement (or Development Agreement) contains a provision that is inconsistent with the law, the law will control.
4. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee (or developer) in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
5. With respect to franchises sold in California, a franchisor is prohibited from modifying a franchise agreement, or requiring a general release, in exchange for any assistance related to a declared state or federal emergency.
6. This Addendum may be executed in counterparts, which together shall constitute one and the same instrument. Signatures via DocuSign, .PDF file, facsimile, or other electronic format have the same force and effect as originals.

[Signature page follows]

Dated: _____

DEVELOPER:

If an entity:

(Name of Entity)

By: _____

Its _____
(Title)

(Print Name)

If an individual:

(Signature)

(Print Name)

(Signature)

(Print Name)

Dated: _____

HUEY MAGOO'S RESTAURANTS, LLC

By: _____

Name: _____

Title: _____

HAWAII ADDENDUM TO DEVELOPMENT AGREEMENT

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

1. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee (or developer) in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
2. This Addendum may be executed in counterparts, which together shall constitute one and the same instrument. Signatures via DocuSign, .PDF file, facsimile, or other electronic format have the same force and effect as originals.

[Signature page follows.]

Dated: _____

DEVELOPER:

If an entity:

(Name of Entity)

By: _____

Its _____
(Title)

(Print Name)

If an individual:

(Signature)

(Print Name)

(Signature)

(Print Name)

Dated: _____

HUEY MAGOO'S RESTAURANTS, LLC

By: _____

Name: _____

Title: _____

ILLINOIS ADDENDUM TO DEVELOPMENT AGREEMENT

1. Illinois law governs the Franchise Agreement(s).
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
3. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
5. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee (or developer) in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
6. This Addendum may be executed in counterparts, which together shall constitute one and the same instrument. Signatures via DocuSign, .PDF file, facsimile, or other electronic format have the same force and effect as originals.

[Signature page follows.]

Dated: _____

DEVELOPER:

If an entity:

(Name of Entity)

By: _____

Its _____
(Title)

(Print Name)

If an individual:

(Signature)

(Print Name)

(Signature)

(Print Name)

Dated: _____

HUEY MAGOO'S RESTAURANTS, LLC

By: _____

Name: _____

Title: _____

INDIANA ADDENDUM TO DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Development Agreement, the following provisions will supersede and apply:

1. The laws of the State of Indiana supersede any provisions of the Development Agreement or New York law if such provisions are in conflict with Indiana law. The Development Agreement will be governed by Indiana law, rather than Florida law, as stated in Section 13(E) of the Development Agreement (“Governing Law”).
2. Venue for litigation will not be limited to the county and state where the Franchisor’s principal headquarters is located (currently Broward County, Florida), as specified in Section 13(F) of the Development Agreement (“Exclusive Jurisdiction”).
3. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the area development franchise without good cause or in bad faith, good cause being defined therein as a material breach of the Development Agreement, will supersede the provisions of Article 10 of the Development Agreement (“Termination”) in the State of Indiana to the extent they may be inconsistent with such prohibition.
4. No release language set forth in the Development Agreement will relieve the Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.
5. Section 11 of the Development Agreement (“Covenant Not to Compete”) is revised to limit the geographical extent of the post-term covenant not to compete to Developer's Development Territory for all area franchises sold in the State of Indiana.
6. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee (or developer) in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. This Addendum may be executed in counterparts, which together shall constitute one and the same instrument. Signatures via DocuSign, .PDF file, facsimile, or other electronic format have the same force and effect as originals.

[Signature page follows.]

Dated: _____

DEVELOPER:

If an entity:

(Name of Entity)

By: _____

Its _____
(Title)

(Print Name)

If an individual:

(Signature)

(Print Name)

(Signature)

(Print Name)

Dated: _____

HUEY MAGOO'S RESTAURANTS, LLC

By: _____

Name: _____

Title: _____

MARYLAND ADDENDUM TO DEVELOPMENT AGREEMENT

The following provisions will supersede anything to the contrary in the Franchise Disclosure Document or Development Agreement and will apply to all area franchises offered and sold under the laws of the State of Maryland:

1. Any claims arising under the Maryland Franchise Registration and Disclosure Laws must be brought within three years after the grant of the Area Franchise.
2. Section 13(F) of the Development Agreement (“Exclusive Jurisdiction”) is amended to add the following statement: “Notwithstanding anything herein to the contrary, a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”
3. The Development Agreement is amended to the effect that, pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
4. The following sentence is added at the end of Section 13(I) of the Development Agreement (“Entire Agreement”): “This Section is not intended to, nor will it, act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”
5. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee (or developer) in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
6. This Addendum may be executed in counterparts, which together shall constitute one and the same instrument. Signatures via DocuSign, .PDF file, facsimile, or other electronic format have the same force and effect as originals.

[Signature page follows.]

Dated: _____

DEVELOPER:

If an entity:

(Name of Entity)

By: _____

Its _____
(Title)

(Print Name)

If an individual:

(Signature)

(Print Name)

(Signature)

(Print Name)

Dated: _____

HUEY MAGOO'S RESTAURANTS, LLC

By: _____

Name: _____

Title: _____

MINNESOTA ADDENDUM TO DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Development Agreement, the following provisions will supersede and apply:

1. The following language will appear at the end of Section 13(F) of the Development Agreement (“Exclusive Jurisdiction”):

“Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of Developer’s rights as provided for in Minnesota Statutes, Chapter 80C, or Developer’s rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.”
2. No release language set forth in the Development Agreement will relieve the Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota.
3. Minnesota law provides Developers with certain termination and non-renewal rights. Minnesota Statutes, Section 80C.14, subdivisions 3, 4, and 5 require, except in certain specified cases, that Developer be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the Development Agreement.
4. Franchisor will protect Developer’s right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or indemnify Developer from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
5. Any claims arising under Minnesota Statutes, Chapter 80C must be brought within three years after the cause of action accrues.
6. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee (or developer) in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. This Addendum may be executed in counterparts, which together shall constitute one and the same instrument. Signatures via DocuSign, .PDF file, facsimile, or other electronic format have the same force and effect as originals.

[Signature page follows.]

Dated: _____

DEVELOPER:

If an entity:

(Name of Entity)

By: _____

Its _____
(Title)

(Print Name)

If an individual:

(Signature)

(Print Name)

(Signature)

(Print Name)

Dated: _____

HUEY MAGOO'S RESTAURANTS, LLC

By: _____

Name: _____

Title: _____

NEW YORK ADDENDUM TO DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document or Development Agreement, the following provisions will supersede and apply to all area franchises offered and sold under the laws of the State of New York:

1. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee (or developer) in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
2. This Addendum may be executed in counterparts, which together shall constitute one and the same instrument. Signatures via DocuSign, .PDF file, facsimile, or other electronic format have the same force and effect as originals.

[Signature page follows.]

Dated: _____

DEVELOPER:

If an entity:

(Name of Entity)

By: _____

Its _____
(Title)

(Print Name)

If an individual:

(Signature)

(Print Name)

(Signature)

(Print Name)

Dated: _____

HUEY MAGOO'S RESTAURANTS, LLC

By: _____

Name: _____

Title: _____

NORTH DAKOTA ADDENDUM TO DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Development Agreement, the following provisions will supersede and apply:

1. The laws of the State of North Dakota supersede any provisions of the Development Agreement or New York law if such provisions are in conflict with North Dakota law. The Development Agreement will be governed by North Dakota law, rather than New York law, as stated in Section 13(E) of the Development Agreement (“Governing Law”).
2. Any provision in the Development Agreement which designates jurisdiction or venue or requires the Developer to agree to jurisdiction or venue, in a forum outside of North Dakota, is deleted from Development Agreements issued in the State of North Dakota. The site of any arbitration will be agreeable to all parties.
3. No release language set forth in the Development Agreement will relieve the Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of North Dakota.
4. Section 11 of the Development Agreement (“Effect on Termination and Expiration”) may require franchisees to consent to termination or liquidated damages. This requirement is deleted from all Development Agreements used in the State of North Dakota.
5. Covenants restricting competition in the State of North Dakota, such as those found in Section 11 of the Development Agreement (“Covenant Not to Compete”), may be subject to Section 9-08-06 of the North Dakota Century Code. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.
6. Section 13(F) of the Development Agreement (“Exclusive Jurisdiction”) requires that the franchisee consent to the jurisdiction of courts in the state, county and judicial district in which our principal place of business is then located (which is currently, Broward County, Florida). This requirement is deleted from all Development Agreements used in the State of North Dakota.
7. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee (or developer) in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
8. This Addendum may be executed in counterparts, which together shall constitute one and the same instrument. Signatures via DocuSign, .PDF file, facsimile, or other electronic format have the same force and effect as originals.

[Signature page follows.]

Dated: _____

DEVELOPER:

If an entity:

(Name of Entity)

By: _____

Its _____
(Title)

(Print Name)

If an individual:

(Signature)

(Print Name)

(Signature)

(Print Name)

Dated: _____

HUEY MAGOO'S RESTAURANTS, LLC

By: _____

Name: _____

Title: _____

[Signature Page to North Dakota Addendum to Huey Magoo's Development Agreement]

RHODE ISLAND ADDENDUM TO DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Development Agreement, the following provisions will supersede and apply:

1. Any provision in the Development Agreement which designates the governing law as that of any state other than the State of Rhode Island is deleted from Development Agreements issued in the State of Rhode Island.
2. Section 19-28.1.-14 of the Rhode Island Franchise Investment Act, as amended by laws of 1993, provides that “a provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”
3. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee (or developer) in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
4. This Addendum may be executed in counterparts, which together shall constitute one and the same instrument. Signatures via DocuSign, .PDF file, facsimile, or other electronic format have the same force and effect as originals.

[Signature page follows.]

Dated: _____

DEVELOPER:

If an entity:

(Name of Entity)

By: _____

Its _____
(Title)

(Print Name)

If an individual:

(Signature)

(Print Name)

(Signature)

(Print Name)

Dated: _____

HUEY MAGOO'S RESTAURANTS, LLC

By: _____

Name: _____

Title: _____

[Signature Page to Rhode Island Addendum to Huey Magoo's Development Agreement]

SOUTH DAKOTA ADDENDUM TO DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Development Agreement, the following provision shall supersede and apply:

1. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee (or developer) in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
2. This Addendum may be executed in counterparts, which together shall constitute one and the same instrument. Signatures via DocuSign, .PDF file, facsimile, or other electronic format have the same force and effect as originals.

[signature page follows]

Dated: _____

FRANCHISEE:

If an entity:

(Name of Entity)

By: _____

Its _____
(Title)

(Print Name)

If an individual:

(Signature)

(Print Name)

(Signature)

(Print Name)

Dated: _____

HUEY MAGOO'S RESTAURANTS, LLC

By: _____

Name: _____

Title: _____

VIRGINIA ADDENDUM TO DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Development Agreement, the following provisions will supersede and apply:

1. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee (or developer) in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
2. This Addendum may be executed in counterparts, which together shall constitute one and the same instrument. Signatures via DocuSign, .PDF file, facsimile, or other electronic format have the same force and effect as originals.

[Signature page follows.]

Dated: _____

DEVELOPER:

If an entity:

(Name of Entity)

By: _____

Its _____
(Title)

(Print Name)

If an individual:

(Signature)

(Print Name)

(Signature)

(Print Name)

Dated: _____

HUEY MAGOO'S RESTAURANTS, LLC

By: _____

Name: _____

Title: _____

WASHINGTON ADDENDUM TO DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Development Agreement, the following provisions will supersede and apply:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
2. RCW 19.100.180 may supersede the Development Agreement in your relationship with the Franchisor including the areas of termination and renewal of your area franchise. There may also be court decisions which may supersede the Development Agreement in your relationship with the Franchisor including the areas of termination and renewal of your area franchise.
3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. A release or waiver of rights executed by an Developer will not include rights under the Washington Franchise Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the Development Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, and rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.
6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.
8. If any of the provisions in the franchise disclosure document or Development Agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over the inconsistent provisions of the franchise disclosure document and Development Agreement with regard to any area franchise sold in Washington.

9. Section 11 of the Development Agreement (“Covenants Not to Compete”), and the Confidentiality and Non-Compete Agreement and Confidentiality Agreement attached to the Development Agreement, are each amended to add that non-parties to the Development Agreement are only bound to the confidentiality and/or non-competition provisions if they execute such Confidentiality and Non-Compete Agreement and Confidentiality Agreement themselves.
10. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee (or developer) in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
11. This Addendum may be executed in counterparts, which together shall constitute one and the same instrument. Signatures via DocuSign, .PDF file, facsimile, or other electronic format have the same force and effect as originals.

[Signature page follows.]

Dated: _____

DEVELOPER:

If an entity:

(Name of Entity)

By: _____

Its _____
(Title)

(Print Name)

If an individual:

(Signature)

(Print Name)

(Signature)

(Print Name)

Dated: _____

HUEY MAGOO'S RESTAURANTS, LLC

By: _____

Name: _____

Title: _____

[Signature Page to Washington Addendum to Huey Magoo's Development Agreement]

WISCONSIN ADDENDUM TO DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Development Agreement, the following provisions will supersede and apply:

1. The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 will apply to and govern the provisions of the Development Agreement.
2. That Act's requirement, including the requirements that, in certain circumstances, an Developer receives ninety (90) days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, will supersede the requirements of Article 15 of the Development Agreement ("Default and Termination") to the extent they may be inconsistent with the Act's requirements.
3. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
4. This Addendum may be executed in counterparts, which together shall constitute one and the same instrument. Signatures via DocuSign, .PDF file, facsimile, or other electronic format have the same force and effect as originals.

[Signature page follows.]

Dated: _____

DEVELOPER:

If an entity:

(Name of Entity)

By: _____

Its _____
(Title)

(Print Name)

If an individual:

(Signature)

(Print Name)

(Signature)

(Print Name)

Dated: _____

HUEY MAGOO'S RESTAURANTS, LLC

By: _____

Name: _____

Title: _____

EXHIBIT A

**HUEY MAGOO'S RESTAURANTS, LLC
DEVELOPMENT AGREEMENT**

The Development Area referred to in Section 1 of the Development Agreement shall consist of the territory within the following description:

HUEY MAGOO'S RESTAURANTS LLC DEVELOPER

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT B

**HUEY MAGOO'S RESTAURANTS, LLC
DEVELOPMENT SCHEDULE**

Development Fee: _____ +
Franchise Fee: **Thirty Five Thousand (\$35,000) Dollars**

Total Due: _____.

Expiration Date:

<u>STORE NUMBER</u>	<u>MINIMUM DEVELOPMENT QUOTA OPEN AND OPERATING ON OR BEFORE</u>	<u>INITIAL FRANCHISE FEE DUE UNDER EACH FRANCHISE AGREEMENT</u>

HUEY MAGOO'S RESTAURANTS LLC DEVELOPER

By: _____ By: _____

Name: _____ Name: _____

Title: _____ Title: _____

Date: _____ Date: _____

EXHIBIT C-1

HUEY MAGOO'S RESTAURANTS, LLC DEVELOPMENT AGREEMENT

CONFIDENTIALITY AND NON-COMPETE AGREEMENT FOR DEVELOPERS AND MANAGERS

WHEREAS, the Undersigned (the "Undersigned") is a current or prospective franchisee ("Franchisee") or area developer ("Developer") of Huey Magoo's Restaurants, LLC ("Company") and/or the Undersigned is an affiliate subsidiary, franchisee, joint venturer or Franchise Owner (each a "Related Party"); and

WHEREAS, the Undersigned and/or its Related Parties has been or may be given access to certain confidential and proprietary information of the Company previously not available to the Undersigned; and

WHEREAS, the Company is only willing to commence or continue its relationship with Undersigned in the event Undersigned enters into this agreement (the "Agreement"); and

WHEREAS, the Company has entered into this Agreement with the Undersigned in order to ensure the confidentiality of Confidential Information in accordance with the terms of this agreement, to ensure that the Undersigned does not utilize such information to compete with the Company or unfairly disadvantage the Company, and/or to protect the investment made by the Company in the training and instruction of its employees and/or in negotiation with and education of Franchisees and Managers.

NOW, THEREFORE, the Undersigned hereby agrees as follows:

1. **Recitals.** The recitals set forth above are incorporated herein by this reference and shall be part of this Agreement.

2. **Confidential Information.** As used in this Agreement, the term "Confidential Information" shall mean:

- (a) methods, techniques, equipment, equipment vendors, specifications, standards, policies, procedures, information, concepts, and systems relating to and knowledge of and experience in the development, operation and franchising of Huey Magoo's® restaurant units; and
- (b) marketing and promotional programs for Huey Magoo's® restaurant units; and
- (c) knowledge concerning the logic, structure and operation of computer software programs which Company authorizes for use in connection with the operation of Huey Magoo's® restaurant units (including, without

limitation the point-of-sale cash register system required by Company for use in Huey Magoo's® Restaurant units), and all additions, modifications and enhancements thereof, and all data generated from use of such programs, including, without limitation, the logic, structure and operation of database file structures containing such data and all additions, modifications and enhancements thereof; and

- (d) sales data and information concerning consumer preferences and inventory requirements for products, customer counts, average sales per customer, materials and supplies, and specifications for and suppliers of certain materials, architectural plans and layouts, equipment and fixtures for Huey Magoo's® restaurant units; and
- (e) ingredients, formulas, marinades, mixes, spices, seasonings, sauces, recipes for and methods of preparation, cooking, and serving of products sold at Huey Magoo's® restaurant units; and
- (f) information concerning product sales figures, operating results, financial performance and other financial data of Huey Magoo's® restaurant units; and
- (g) all contents of the Manuals, including, but not limited to the Standardized Recipe Manual, the Operations Manual, and the Store Opening Manual, (as defined in the Franchise Agreement); and
- (h) customer lists and product sales figures of Huey Magoo's® restaurant units; and
- (i) employee selection procedures, training methods, staffing levels, and pay rates; and
- (j) other Confidential Information including, but not limited to the business concept; operating techniques; marketing methods and plans; demographic and trade area information; prospective site locations; market penetration techniques, plans, or schedules; customer profiles, preferences, or statistics; menu breakdowns; itemized costs; franchisee composition, territories and development plans; and all related trade secrets or confidential or proprietary information treated as such by the Company and/or the Related Party signatory hereto, whether by course of conduct, by letter or report, or by the use of any appropriate proprietary stamp or legend designating such information or item to be confidential or proprietary, by any communication to such effect made prior to or at the time any such Confidential Information is disclosed to you, or otherwise.

3. Disclosure of Confidential Information. The Undersigned shall hold in strict confidence and shall disclose such Confidential Information only to the Undersigned's employees

and agents who have a need to know such Information in order to assist the Undersigned in the performance of his/her/its obligations under the Franchise Agreement, provided such employees and agents understand (and agree to maintain) the secrecy of the Confidential Information. The Undersigned shall not disclose Confidential Information to any other person or entity. The Undersigned further agrees not to make any unauthorized copies of any portion of the Confidential Information disclosed to the Undersigned in any written, visual, auditory or other tangible form. The obligations hereunder to maintain the secrecy of Confidential Information shall not expire.

4. **Limitations on Obligations.** The obligations of the Undersigned specified in Section 3 shall not apply to any Confidential Information which is received from the Company which (a) is disclosed in a printed publication available to the public, or is otherwise in the public domain through no act of the Undersigned or its employees, agents or other person or entity which has received such Confidential Information from or through the Undersigned, (b) is approved for release by written authorization of an officer of the Company, or (c) is required to be disclosed by proper order of a court of applicable jurisdiction after adequate notice to the Company to seek a protective order therefor, the imposition of which protective order the Undersigned agrees to approve and support.

5. **Return of Documents.** The Undersigned (and each employee, agent, or other person or entity which has received such Confidential Information from or through the Undersigned) shall, upon the request of the Company return all documents and other tangible manifestations of Confidential Information received from the Company including all copies and reproductions thereof.

6. **Non-Compete.** You agree at any geographic location whatsoever during the term of the Development Agreement and for 2 years immediately following the later of (i) the termination or expiration or transfer of the Development Agreement or (ii) the date on which the Undersigned begins to comply with this Section 6, you and your officers, agents, Franchise Owners, servants, and all others in active concert or participation with will not directly or indirectly (except as we otherwise approve in writing):

(a) Be involved with a Competitive Business as owner, officer, director, investor, manager, employee, agent, lender, landlord, sublessor, broker, consultant, franchisee or any other capacity (this restriction will not apply to a 5% or less beneficial interest in a publicly-held corporation) having a location (i) at the Restaurant Location, in the Limited Protected Territory of each Restaurant developed under the Development Agreement or within 3 miles of the perimeter of the Limited Protected Territory of each Restaurant development under the Development Agreement; or (ii) within 3 miles of any Franchised Restaurant or Company-Owned Restaurant then in operation or under contract, or within 3 miles of the perimeter of (or within) another Franchisee's Limited Protected Territory;

(b) Solicit for employment or hire our management personnel, the management personnel of any of our affiliates or the management personnel of any other Franchised or Company-Owned Restaurant without first obtaining any written permission from us and the employer(s) of the personnel in question;

(c) Divert any business that should be handled by of any Restaurant developed

under the Development Agreement to any other person or entity (including, by way of example, interfering with, disturbing, disrupting, harming or attempting to diminish any relationships, agreements or understandings, written or oral, decrease or otherwise jeopardize our business or the business of any of our Franchisees, Business Associates or any other Huey Magoo's restaurant locations, customers, employees, shareholders, suppliers, vendors, lenders or creditors); or

(d) Sell, assign, lease, sublease or otherwise grant possession of any Restaurant developed under the Development Agreement to any individual or entity which intends to utilize same to conduct a Competitive Business thereat (and it shall be your affirmative duty in connection with any such sale, assignment or other disposition of any Restaurant developed under the Development Agreement to secure a written memorialization from the purchaser, assignee, lessee, sublessee or permittee that it has no intent to conduct a Competitive Business, as herein defined, following the subject transaction).

For the purposes of this Section 6, a "Competitive Business" means any business which offers or sells any of the programs, products or services which Huey Magoo's Restaurants now or hereafter are authorized for sale under the Business System (including any business that operates a casual or fast casual restaurant that sells or offers to dispense prepared food products the same as or similar to the type sold in Huey Magoo's Restaurants or any business establishment that sells or offers to dispense chicken tenders); which offers or sells similar or related programs, products or services; which engages in any of the activities which the Franchise Agreement contemplates that franchisee for each Restaurant developed hereunder will engage in; or, which offers or sells any other program, product, service or component which now or in the future is part of the Business System, or any confusingly similar program, product or service. The term "Business Associate" means any of our managerial personnel, officers, directors, agents, consultants, representatives, contractors, suppliers, distributors, franchisees or other business contacts.

The provisions of this Section 6 are intended to apply to any person or entity within a legal or beneficial interest in or traceable to, down or through you be bound by the provisions of this covenant, including (without limitation) your spouse, brother, brother-in-law, sister, sister-in-law, parents, parents-in-law, child, son-in-law or daughter-in-law; any direct or indirect beneficiary of yours; and, any other related person or entity, regardless of how many levels or tiers there may be between you and the person or entity. It is the intention of the parties that this Section 6 be interpreted so as to be valid under applicable law and, if required for validity, any court or applicable tribunal may reduce or alter the geographic scope and duration of this Section 6, by substitution of words or otherwise, so as to create the broadest permissible protection to the Company.

7. **No Waiver.** No delays or omissions by the Company in exercising any right under this Agreement will operate as a waiver of that or any other right. A waiver or consent given by the Company on any one occasion is effective only in that instance and will not be construed as a bar to or waiver of any right on any other occasion.

8. **Notices.** Any notice, request, information, or other document to be given hereunder to any of the parties by any other party shall be in writing and delivered personally, sent by facsimile transmission or registered or certified mail, postage prepaid, or overnight delivery

service, as follows:

If to the Company, addressed to:

Huey Magoo’s Restaurants, LLC
6220 Hazeltine National Drive, Suite 110
Orlando, FL 32822
Attention: Legal Department
E-Mail: legal@hueymagoos.com

With a copy to:

Kaufmann Gildin & Robbins LLP
767 Third Avenue, 30th Floor
New York, New York 10017
Attention: Michelle Murray-Bertrand, Esq.

If to the Undersigned, addressed to:
(Company Name) Address:

Attention: _____
E-Mail: _____

9. Equitable Relief.

(a) Undersigned acknowledges that Company will be irreparably harmed by any breach hereof, that monetary damages would be inadequate and that Company shall have the right to have an injunction or other equitable remedies imposed in relief of, or to prevent or restrain, such breach. The Undersigned agrees that Company shall also be entitled to any and all other relief available under law or equity for such breach.

(b) Undersigned acknowledges that any failure to comply with the requirements of this agreement will cause the Company irreparable injury, and Undersigned agrees to pay all court costs and reasonable attorney’s fees incurred by the Company in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement in addition to any other claims to which the Company may be entitled.

(c) Undersigned acknowledges and agrees that the Confidential Information is confidential to and a valuable asset of Company, is proprietary, includes trade secrets of Company, and is disclosed to Undersigned solely on the condition that Undersigned, its Owners and its employees who have access to the Confidential Information agree, and Undersigned does hereby agree, that, during and after the term of this agreement, Undersigned, its Owners and such employees:

(i) will not use the Confidential Information in any other business or capacity; and

(ii) will maintain the absolute secrecy and confidentiality of the Confidential Information; and

(iii) will not make unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form; and

(iv) will adopt and implement all reasonable procedures prescribed from time to time by Company to prevent unauthorized use or disclosure of or access to the Confidential Information.

(d) Undersigned shall require all management personnel, as a condition of employment to execute covenants that they will maintain the confidentiality of all information, written or verbal, which they receive in connection with their employment by Undersigned. Such covenants shall be in a form satisfactory to the Company, including, without limitation, specific identification of the Company as a third party beneficiary of such covenants with the independent right to enforce them.

10. Defend Trade Secrets Act Notice. Notwithstanding anything contained in this Agreement or the Company's policies or procedures that may be in effect from time to time, to the contrary:

(a) **an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney; and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.**

(b) **an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (i) files any document containing the trade secret under seal; and (ii) does not disclose the trade secret, except pursuant to court order.**

11. Miscellaneous.

(a) This Agreement shall not be construed to grant to the Undersigned any patents, licenses, or similar rights to Confidential Information disclosed to the Undersigned hereunder, all of which rights and interests shall be deemed to reside or be vested in the Company.

(b) This Agreement, does not supersede, but rather is in addition to and cumulative with, all prior agreements, written or oral, between the parties relating to the subject

matter of this Agreement. This Agreement may not be modified, changed or discharged, in whole or in part, except by an agreement in writing signed by the parties.

(c) This Agreement will be binding upon and inure to the benefit of the parties and their respective successors and assigns.

(d) the invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(e) This Agreement shall be construed and interpreted in accordance with the laws of the State of Florida.

[Signature Page to Follow]

EXECUTED as of _____.

UNDERSIGNED:

By _____
Name & Title: _____
Entity Name, if any: _____

HUEY MAGOO'S RESTAURANTS, LLC

By _____
Andrew Howard, President and
Chief Executive Officer

EXHIBIT C-2

CONFIDENTIALITY AGREEMENT

NAME: _____

DEVELOPER: _____

HOME ADDRESS: _____

HOME TELEPHONE: _____

CLASSIFICATION: _____

(Employee, Independent Contractor, Etc.)

_____ ("Developer") is an area developer of Huey Magoo's Restaurants, LLC ("Franchisor") pursuant to a Development Agreement entered into by Area Developer and Franchisor dated _____ (the " Development Agreement"). I agree that, unless otherwise specified, all terms in this Agreement have those meanings ascribed to them in the Area Development Agreement.

I agree that during the term of my employment by, ownership participation in, association with or service to Developer, or at any time thereafter, I will not communicate, divulge or use for the benefit of any other person, persons, partnership, proprietorship, association, corporation or entity any confidential information, knowledge or know-how concerning the systems of operation, services, products, clients or practices of Developer and/or Franchisor which may be communicated to me ("Confidential Information"), and I will not divert any business to competitors of Developer and/or Franchisor.

Any and all information, knowledge, know-how, techniques and information which the entities mentioned above or their officers designate as confidential will be Confidential Information for the purposes of this Agreement, except information which I can demonstrate came to my attention before disclosure or which had become or becomes a part of the public domain through publication or communication by others (unless the publication or communication is in violation of a similar confidentiality agreement), but in no event through any act of mine.

I specifically understand that, without limitation, the following constitute Confidential Information of Franchisor: all products, services, equipment, technologies and procedures relating to the Huey Magoo's System; all systems of operation, services, programs, products, procedures, policies, standards, techniques, specifications and criteria which now comprise or in the future may comprise a part of the Huey Magoo's System; Franchisor's Confidential Operating Manual (as same may be amended from time to time); Supplements and/or amendments to the Manual; records pertaining to customers or billings; methods of advertising and promotion; customers; instructional materials; staff composition and organization systems; quality assurance programs; supervision systems; recommended services; recordkeeping systems and materials; bookkeeping systems and materials; business forms; product and service order forms; general operations materials; revenue reports; standards of interior and exterior design and decor; activity schedules; job descriptions; advertising, promotional and public relations materials/campaigns/guidelines/philosophy; specifications, systems, standards, techniques, philosophies and materials, guidelines, policies and procedures concerning the Huey Magoo's System; additions to, deletions from, and modifications and variations of the components

constituting the Huey Magoo's System or the systems and methods of operations which are now, or may in the future, be employed by Franchisor, including all standards and specifications relating thereto and the means and manner of offering and selling same; and, all other components, specifications, standards, requirements and duties imposed by Franchisor or its Affiliates.

I will at no time copy, duplicate, record or otherwise reproduce any of the Confidential Information or material containing it, in whole or in part, store them in a computer retrieval or data base, nor otherwise make them available to any unauthorized person. Upon the expiration or other termination for any reason of my employment, association, service or ownership participation, I agree to return to Franchisor or Developer, as the case may be, all Confidential Information or material containing it (in whole or in part) in my possession utilized during my employment, association, service or ownership participation.

I acknowledge that violation of the restrictions on the use of Confidential Information contained in this Agreement would result in immediate and irreparable injury to Franchisor and Developer for which no adequate remedy at law will be available. Accordingly, I hereby consent to the entry of an injunction procured by Franchisor or Developer (or both) prohibiting any conduct by me in violation of the terms of the restrictions on the use of Confidential Information set forth in this Agreement. Further, I expressly agree that any claims I may have against Franchisor will not constitute a defense to Franchisor's enforcement of the restrictions on the use of Confidential Information set forth in this Agreement. I further agree to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by Franchisor in connection with the enforcement of those restrictions on the use of Confidential Information set forth in this Agreement.

If all or any portion of the restrictions on the use of Confidential Information is held unreasonable, void, vague or illegal by any court or agency having valid jurisdiction in an unappealed final decision to which Developer and/or Franchisor is a party, the court or agency will be empowered to revise and/or construe the covenant to fall within permissible legal limits, and should not invalidate the entire covenant. I expressly agree to be bound by any lesser covenant subsumed within the terms of this Agreement as if the resulting covenant were separately stated in and made a part of this Agreement.

I agree that this Agreement and all relations and disputes between myself on the one hand, and Developer or Franchisor on the other hand, whether sounding in contract, tort, or otherwise, are to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of Florida without recourse to Florida (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of Florida, and if the franchised Business is located outside of Florida and the provision would be enforceable under the laws of the state in which the franchised Business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Agreement is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of Florida or any other state, which would not otherwise apply.

I further agree that any litigation arising out of or related to this Agreement; any breach of this Agreement; and, all relations and any and all disputes between myself on the one hand, and Developer or Franchisor on the other hand, whether sounding in contract, tort, or otherwise, will be instituted exclusively in a court of competent jurisdiction in Broward County, Florida. I agree

that any dispute as to the venue for this litigation will be submitted to and resolved exclusively by a court of competent jurisdiction situated in Broward County, Florida.

I hereby waive and covenant never to assert or claim that said venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens).

(Print Name)

(Signature)

(Date)

EXHIBIT D

**HUEY MAGOO'S RESTAURANTS, LLC
DEVELOPMENT AGREEMENT**

DEVELOPER BUSINESS ENTITY/OWNER INFORMATION

This form must be completed if: (i) the corresponding Development Agreement was signed by more than has more than one individual or (ii) the area developer is owned by a business entity (a corporation, partnership, limited liability company or similar business entity).

1. **Form of Owner.** Is a (check one):

- (a) General Partnership
- (b) Corporation
- (c) Limited Partnership
- (d) Limited Liability Company
- (e) Multiple Individual Owners
- (f) Other, Specify _____

2. **Developer Business Entity.** The name of the Developer Business Entity is _____, and it was incorporated or formed on _____ under the laws of the State of _____.

3. **Business Entity Owners.** (a) The following list includes the full name of each person who is an owner of the Developer Business Entity (stockholders, partners or members (if a limited liability company)) and the nature of each owner's position and ownership interest in the Developer.

Owner's Name	Description of Interest/Position	Ownership %

(b) If the Developer is a Business Entity and is owned in whole or in part by one or more business entity(ies), then please list the name(s) of such entity(ies) below. Additionally, please list the full name each person who is an owner (stockholders, partners or members (if a limited liability company)) of the business entity(ies) that have an ownership interest in the Developer Business Entity and the nature of each owner’s position and ownership interest.

Name of Business Entity	Owner’s Name	Description of Interest/Position	Ownership %

4. **Multiple Individual Developers.** For those individuals who signed the Development Agreement in their individual capacity, the following is a list each developer’s full name and the nature of each person’s ownership interest in the Area Developer.

Owner’s Name	Description of Interest	Ownership %

5. **Representation.** Developer and its owners each represent and warrant that the information provided in this form is true, accurate and complete and that Huey Magoo’s Restaurants, LLC may consider this statement as continuing to be true, accurate and correct from the Effective Date of this form until a written notice of change in ownership status is given by Developer, and approved by, Huey Magoo’s Restaurants, LLC.

[Signature page follows.]

OWNER:

ENTITY:

[DEVELOPER]

By: _____

Name: _____

Title: _____

Date: _____

INDIVIDUALS:

By: _____

Name: _____

Date: _____

By: _____

Name: _____

Date: _____

By: _____

Name: _____

Date: _____

RECEIVED BY:

HUEY MAGOO'S RESTAURANTS, LLC

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT E
HUEY MAGOO'S RESTAURANTS, LLC
DEVELOPMENT AGREEMENT

AGREEMENT REGARDING FRANCHISEE LEASE

This Agreement Regarding Franchisee Lease (this "Agreement") is entered into on this _____ day of _____, by and between _____ ("Tenant") and _____ ("Landlord").

Recitals

A. Huey Magoo's Restaurants, LLC ("Franchisor") and its predecessor and affiliates developed a system which relates to the establishment and operation of a business of a restaurant featuring the sale of chicken tenders, which is identified by the service mark "HUEY MAGOO'S[®]" and other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, copyrights, drawings, and commercial symbols that Franchisor may designate to be used in connection with Huey Magoo's (collectively, the "Marks").

B. Tenant plans to operate a Huey Magoo's Chicken Tenders as a franchisee of Franchisor (the "Franchise").

C. Tenant desires to lease from Landlord a site for the operation of the Franchise to be located at _____ (the "Restaurant Location").

D. Tenant and Landlord desire to enter into, or have entered into, a lease agreement to document the lease of the Restaurant Location to Tenant (the "Lease").

E. Pursuant to a franchise agreement between Tenant and Franchisor (the "Franchise Agreement"), Tenant must include certain terms in the Lease acceptable to Franchisor.

F. The purpose of this Agreement is to memorialize the agreement of Landlord and Tenant to the following in consideration of Franchisor agreeing to approve the leasing arrangement for the Franchise to the extent required by the Franchise Agreement. Franchisor's approval of the leasing arrangement only indicates that the proposed Lease meets Franchisor's minimum criteria.

NOW, THEREFORE, for good and valuable consideration the receipt of which is by this Agreement acknowledged, Tenant and Landlord agree as follows (the "Additional Provisions"):

1. Notwithstanding anything to the contrary in the Lease, the following provisions shall apply to Landlord and Tenant in connection with the Restaurant Location and the Lease:

a. Upon termination or expiration of the franchise rights granted by Franchisor to Tenant, Franchisor has the right, at Franchisor's election, to receive an assignment of Tenant's leasehold interest. Tenant shall be solely responsible for all obligations, debts, liabilities and

payments under the Lease arising and/or accruing under the Lease prior to the effective date of the assignment. In the event Franchisor assumes Tenant's leasehold interest in the Lease pursuant to the terms of this Agreement and subsequently assigns the Lease and its leasehold interest to a franchisee approved by Landlord, such approval not to be unreasonably withheld, conditioned or delayed, Franchisor shall not be responsible for any obligations, debts, liabilities or payments arising and/or accruing under the Lease after the effective date of such assignment.

b. Landlord must provide Franchisor, at the same time that Landlord provides Tenant, with a copy of all lease amendments and assignments, and a copy of all letters and notices that Landlord sends to Tenant relating to the Lease or the Restaurant Location. All notices to be provided to Franchisor under this Agreement shall be provided in the manner provided for in the Lease and addressed as follows, or such other address provided by Franchisor to Landlord in writing in compliance with the notice provisions set forth in the Lease:

Huey Magoo's Restaurants, LLC
6220 Hazeltine National Drive, Suite 110
Orlando, Florida 32822
Attn: Legal Department

c. Prior to Landlord's exercise of any rights and remedies under the Lease, (i) Landlord shall provide Franchisor with a copy of any written notice of a default or breach by Tenant under the Lease, and (ii) in the event that Tenant does not timely cure any such default or breach under the Lease within the applicable notice and cure periods therefor, then Franchisor shall have an additional fifteen (15) business days after the expiration of any applicable notice and cure period granted to Tenant for such default or breach (it being understood that if no notice or cure period is allowed under the Lease, then Franchisor shall have fifteen (15) business days from its receipt of such notice from Landlord) to either (A) cure the default or breach on behalf of Tenant (such that Tenant shall remain in possession of the Restaurant Location), or (B) cure the default or breach by Tenant and (or in the event of a bankruptcy of Tenant or assignment for the benefit of creditors, to the extent permitted by law) take an assignment of the Lease from Tenant (such that Franchisor itself shall continue in possession of the Restaurant Location, as "Tenant" under the Lease, and shall be liable for rent and all other charges due under the Lease), or (C) cure the default or breach by Tenant (or in the event of a bankruptcy of Tenant or assignment for the benefit of creditors, to the extent permitted by law) and take possession of the Restaurant Location for up to one hundred and twenty (120) days in order to identify a new franchisee (other than Franchisor) to take an assignment of the Lease and possession of the Restaurant Location (it being understood that if Franchisor elects to take possession of the Restaurant Location pursuant to this subsection (C), Franchisor shall abide by the terms and provisions of the Lease during its period of possession, which shall include the continuing obligation to pay rent during this period).

d. In addition to Franchisor's rights set forth herein, in the event of the early termination of the Lease for any reason other than a default subject to cure (and other than as a result of condemnation, eminent domain, destruction or other similar causes where continuation of the Lease would be impracticable or impossible), Landlord shall provide Franchisor with notice that the Lease has been terminated ("New Lease Notice"), and Landlord agrees to enter into a new lease ("New Lease") of the Restaurant Location with Franchisor for the remainder of the term of the Lease, effective as of the date of termination, at the same rent and upon the terms, covenants

and conditions of the Lease (including any renewal rights as if the Lease did not terminate); provided: (i) Franchisor makes a written request upon Landlord for such New Lease within ten (10) business days after the date Franchisor receives Landlord's New Lease Notice, and (ii) Franchisor shall remedy (or commence remedying) all of Tenant's defaults which are reasonably susceptible of cure.

e. Landlord agrees that any assignment of the Lease and Tenant's leasehold interests in the Lease by Tenant to Franchisor and/or assumption by Franchisor of the Lease and such leasehold interests shall not require Landlord consent and shall not require any payment of any assignment fee or similar charge or result in any increase in rent or other fees as a result of such assignment and/or assumption.

f. Upon expiration and non-renewal or termination of the Lease or the Franchise Agreement, Franchisor shall have the right, upon notice to Landlord, to enter the Restaurant Location and remove any interior and exterior signs containing Franchisor's Marks and trade fixtures. Franchisor shall repair any damage caused to the leasehold by virtue of its removal activities. Landlord further agrees that Franchisor's rights to any such signs or fixtures shall be superior to any rights Landlord may have to such signs or fixtures (by lien or otherwise) set forth in the Lease or otherwise.

g. Landlord shall not lease property to any competitive business similar to a Huey Magoo's Chicken Tenders in the building, mall or center, as applicable, in which the Restaurant Location reside.

h. Tenant is permitted to display on the Restaurant Location the Huey Magoo's Chicken Tenders trademarks, displays and signage in accordance with the specifications required by Franchisor and used in connection with the Huey Magoo's Business System, subject only to the provisions of applicable law and the terms of the Lease.

i. As soon as reasonably practicable, Tenant, at its sole cost and expense, shall deliver to Landlord for Landlord's approval, a copy of Tenant's proposed plans and specifications (the "Proposed Plans") for the improvements, including proposed signage, Tenant shall make to the Restaurant Location ("Tenant Improvements"). If Landlord fails to approve or disapprove, in writing, the Proposed Plans within ten (10) days after receipt thereof from Tenant, then such approval will be deemed to have been given. If Landlord furnishes Tenant a written response, Tenant will resubmit revised Proposed Plans within ten (10) days after having received Landlord's response, and Landlord will then have a 10-day period within which to review the same. If Landlord fails to respond within 10 days, then such revision will be deemed approved. Such review process will continue until the Proposed Plans are acceptable to both Landlord and Tenant, whereupon the same will constitute the approved plans. Tenant's obligations under the Lease are expressly contingent upon Tenant's receipt of Landlord's approval of such plans on or before the date that is _____ (___) days after the effective Date of the Lease ("Tenant Contingency Date"). If said contingency is not satisfied on or before the Tenant Contingency Date, then either Landlord or Tenant may terminate this Lease by providing the other party with written notice of termination in which case this Lease shall terminate and be of no further force or effect, Tenant shall immediately vacate and surrender possession of the Restaurant Location to Landlord and

Landlord shall return all applicable deposits to Tenant upon Tenant's delivery of complete possession thereof.

j. Landlord and Tenant shall not amend or otherwise modify the Lease or this Agreement in any manner that would affect any of the foregoing provisions without Franchisor's prior, written consent.

k. Notwithstanding anything in the Lease contained to the contrary or in conflict, Landlord hereby grants and approves the following signage rights:

- (i) Landlord agrees to allow Tenant to use Franchisor's standard sign, facade and awning package to the maximum extent permitted by local governmental authorities.
- (ii) Tenant shall be provided, at Tenant's sole cost and expense, with a panel on any pylon/monument/directory sign for the development in which the Restaurant Location is located, and shall be permitted to install a standard sign thereon as approved by Franchisor, including without limitation Franchisor's logo.

2. Landlord and Tenant agree that Tenant may only use the Restaurant Location for the operation of a Huey Magoo's Restaurant, unless Franchisor otherwise approves in writing. Landlord acknowledges that Tenant's proposed use does not violate any local zoning restrictions nor any restrictive covenants or existing exclusive uses granted to any other tenant of Landlord in the building/center or adjacent outparcel owned by Landlord in which the Restaurant Location are located.

3. Franchisor makes no representations or warranties regarding the Additional Provisions or in connection with this Agreement. Franchisor's approval of Tenant's Lease only indicates that the proposed Lease meets Franchisor's minimum criteria, and the parties agree that Franchisor's approval or disapproval of the Lease will not impose any liability or obligation on Franchisor. Tenant must have a competent real estate attorney review the Lease, at Tenant's expense.

4. Notwithstanding anything contained in this Agreement, Franchisor shall have no liability under the Lease or this Agreement unless Franchisor expressly enters into a written agreement with Landlord. The provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of Franchisor's Huey Magoo's franchise rights.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties to this Agreement, intending to be legally bound hereby have duly executed this Agreement.

TENANT: _____
(type/print name)

By: _____

Name: _____

Title: _____

LANDLORD: _____
(type/print name)

By: _____

Name: _____

Title: _____

EXHIBIT E TO HUEY MAGOO'S FRANCHISE DISCLOSURE DOCUMENT

ACH AUTHORIZATION FORM



ACH Authorization Form

CREDIT/DEBIT AUTHORIZATION FORM

I (we) hereby authorize Huey Magoo's Restaurants, LLC (THE COMPANY) to initiate entries to my (our) checking/savings accounts at the financial institution listed below (THE FINANCIAL INSTITUTION), and, if necessary, initiate adjustments for any transactions credited/debited in error. This authority will remain in effect until THE COMPANY is notified by me (us) in writing to cancel it in such time as to afford THE COMPANY and THE FINANCIAL INSTITUTION a reasonable opportunity to act on it.

(Name of Financial Institution)

(Address of Financial Institution - Branch, City, State, & Zip)

(Signature)

(Date)

(Billing Email Address)

(Name On Account - PLEASE PRINT)

(Address - PLEASE PRINT)

Financial Institution Routing Number: _____

Checking/Savings Account Number: _____

These numbers are located on the bottom of your check as follows:

⑆ 123456789 ⑆ 1234567890123 ⑆
Routing Number Account Number

**EXHIBIT F TO HUEY MAGOO'S DISCLOSURE DOCUMENT
TRAINEE WAIVER AND INDEMNIFICATION AGREEMENT**

TRAINEE WAIVER AND INDEMNIFICATION AGREEMENT

Training: Huey Magoo's Initial Training Program

Training Dates:

Franchisee: _____

In consideration for being allowed to participate in the activity described herein above training program (this "Training"), on behalf of the above-referenced Franchisee I agree to indemnify, defend and hold harmless Huey Magoo's Restaurants, LLC and their respective employees, officers, directors, agents and independent contractors (collectively "Huey Magoo's Team") from any and all claims, suits, damages, liabilities, including attorneys' fees, costs, court costs, expenses and disbursements related to death, bodily injury or property damage (including loss of use thereof) brought against any of the Huey Magoo's Team by any person or entity, arising or alleged to be arising out of or in connection with or as a result or consequence of the Training, resulting in any physical or psychological injuries and damages including, but not limited to, death, illness, food related allergies, disability or emotional distress I may sustain during the participation of Training, including travel to, from, and sooner thereafter.

I am voluntarily participating in this Training. I am aware of the risks associated with traveling to and/or from and participating in this Training, which include but are not limited to physical or psychological injury, pain, suffering, illness, disfigurement, temporary or permanent disability (including, without limitation, paralysis), economic or emotional distress, loss, and/or death. I understand that these injuries or outcomes may arise from my own or other's actions, inaction, or negligence; conditions related to travel; or the condition of the Training location(s). Nonetheless, I assume all related risks, both known or unknown to me, of my participation in this Training, including travel to, from and during the Training.

I agree to indemnify, defend and hold harmless Huey Magoo's Team from any and all claims, suits, damages, liabilities, including attorneys' fees, costs, court costs, expenses and disbursements related to death, bodily injury or property damage (including loss of use thereof) brought against any of the Huey Magoo's Team by any person or entity, arising or alleged to be arising out of or in connection with or as a result or consequence of the Training. Attorneys' fees, court costs, expenses and disbursements shall be defined without limit to include those fees, costs, etc. incurred in defending the underlying claim and those fees, costs, etc. incurred in connection with the enforcement of this Indemnification Agreement. If I need medical treatment, I agree to be financially responsible for any costs incurred as a result of such treatment. I explicitly agree herein that I shall carry my own health insurance.

I am 18 years or older. I understand the legal consequences of signing this document, including (without limitation) (a) Indemnification Agreement, (b) promising not to sue Huey Magoo's Team, and (c) assuming all risks of participating in this Training, including travel to, from and during the Training.

I understand that this document is written to be as broad and inclusive as legally permitted by the laws of the State of Florida. I agree that if any portion is held invalid or unenforceable, I will continue to be bound by the remaining terms.

I have read this document, and I am signing it freely and voluntarily.

Participant Signature: _____

Participant Name (print): _____

Date: _____

CONFIDENTIALITY AGREEMENT FOR TRAINEE

WHEREAS, the Undersigned (the “Undersigned”) is a current employee of a franchisee (“Franchisee”) of Huey Magoo’s Restaurants, LLC (“Company”); and

WHEREAS, the Undersigned has been or may be given access to certain confidential and proprietary information of the Company previously not available to the Undersigned; and

WHEREAS, the Company is only willing to commence or continue its relationship with Undersigned in the event Undersigned enters into this agreement (the “Agreement”); and

WHEREAS, the Company has entered into this Agreement with the Undersigned in order to ensure the confidentiality of Confidential Information in accordance with the terms of this agreement, to ensure that the Undersigned does not utilize such information to compete with the Company or unfairly disadvantage the Company, and/or to protect the investment made by the Company in the training and instruction of its employees and/or in negotiation with and education of Franchisees and Managers.

NOW, THEREFORE, the Undersigned hereby agrees as follows:

1. **Recitals.** The recitals set forth above are incorporated herein by this reference and shall be part of this Agreement.
2. **Confidential Information.** As used in this Agreement, the term “Confidential Information” shall mean:
 - (a) methods, techniques, equipment, equipment vendors, specifications, standards, policies, procedures, information, concepts, and systems relating to and knowledge of and experience in the development, operation and franchising of Huey Magoo’s® restaurant units; and
 - (b) marketing and promotional programs for Huey Magoo’s® restaurant units; and
 - (c) knowledge concerning the logic, structure and operation of computer software programs which Company authorizes for use in connection with the operation of Huey Magoo’s® restaurant units (including, without limitation the point-of-sale cash register system required by Company for use in Huey Magoo’s® Restaurant units), and all additions, modifications and enhancements thereof, and all data generated from use of such programs, including, without limitation, the logic, structure and operation of database file structures containing such data and all additions, modifications and enhancements thereof; and
 - (d) sales data and information concerning consumer preferences and inventory requirements for products, customer counts, average sales per customer, materials and supplies, and specifications for and suppliers of certain materials, architectural plans and layouts, equipment and fixtures for Huey Magoo’s® restaurant units; and
 - (e) ingredients, formulas, marinades, mixes, spices, seasonings, sauces, recipes for and methods of preparation, cooking, and serving of products sold at Huey Magoo’s® restaurant units; and
 - (f) information concerning product sales figures, operating results, financial performance and other financial data of Huey Magoo’s® restaurant units; and

- (g) all contents of the Manuals; and
- (h) customer lists and product sales figures of Huey Magoo's® restaurant units; and
- (i) employee selection procedures, training methods, staffing levels, and pay rates; and
 - (j) other Confidential Information including, but not limited to the business concept; operating techniques; marketing methods and plans; demographic and trade area information; prospective site locations; market penetration techniques, plans, or schedules; customer profiles, preferences, or statistics; menu breakdowns; itemized costs; franchisee composition, territories and development plans; and all related trade secrets or confidential or proprietary information treated as such by the Company and/or the Related Party signatory hereto, whether by course of conduct, by letter or report, or by the use of any appropriate proprietary stamp or legend designating such information or item to be confidential or proprietary, by any communication to such effect made prior to or at the time any such Confidential Information is disclosed to you, or otherwise.

3. Disclosure of Confidential Information. The Undersigned shall hold in strict confidence such Confidential Information only to the Franchisee's employees and agents who have a need to know such Information in order to assist the Undersigned, provided such employees and agents understand the secrecy of the Confidential Information. The Undersigned shall not disclose Confidential Information to any other person or entity. The Undersigned further agrees not to make any unauthorized copies of any portion of the Confidential Information disclosed to the Undersigned in any written, visual, auditory or other tangible form. The obligations hereunder to maintain the secrecy of Confidential Information shall not expire.

4. Limitations on Obligations. The obligations of the Undersigned specified in Section 3 shall not apply to any Confidential Information which is received from the Company which (a) is disclosed in a printed publication available to the public, or is otherwise in the public domain through no act of the Undersigned or its employees, agents or other person or entity which has received such Confidential Information from or through the Undersigned, (b) is approved for release by written authorization of an officer of the Company, or (c) is required to be disclosed by proper order of a court of applicable jurisdiction after adequate notice to the Company to seek a protective order therefor, the imposition of which protective order the Undersigned agrees to approve and support.

5. Return of Documents. The Undersigned (and each employee, agent, or other person or entity which has received such Confidential Information from or through the Undersigned) shall, upon the request of the Company return all documents and other tangible manifestations of Confidential Information received from the Company including all copies and reproductions thereof.

6. No Waiver. No delays or omissions by the Company in exercising any right under this Agreement will operate as a waiver of that or any other right. A waiver or consent given by the Company on any one occasion is effective only in that instance and will not be construed as a bar to or waiver of any right on any other occasion.

7. Notices. Any notice, request, information, or other document to be given hereunder to any of the parties by any other party shall be in writing and delivered personally, sent by facsimile transmission or registered or certified mail, postage prepaid, or overnight delivery service, as follows:

If to the Company, addressed to:

Huey Magoo's Restaurants, LLC

6220 Hazeltine National Drive, Suite 110
Orlando, FL 32822
Attention: Legal Department
E-Mail: legal@hueymagoos.com

If to the Undersigned, addressed to:

E-Mail: _____

9. **Equitable Relief.**

(a) Undersigned acknowledges that Company will be irreparably harmed by any breach hereof, that monetary damages would be inadequate and that Company shall have the right to have an injunction or other equitable remedies imposed in relief of, or to prevent or restrain, such breach. The Undersigned agrees that Company shall also be entitled to any and all other relief available under law or equity for such breach.

(b) Undersigned acknowledges that any failure to comply with the requirements of this agreement will cause the Company irreparable injury, and Undersigned agrees to pay all court costs and reasonable attorney's fees incurred by the Company in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement in addition to any other claims to which the Company may be entitled.

(c) Undersigned acknowledges and agrees that the Confidential Information is confidential to and a valuable asset of Company, is proprietary, includes trade secrets of Company, and is disclosed to Undersigned solely on the condition that Undersigned agrees, and Undersigned does hereby agree, that, during and after the term of this agreement, Undersigned:

- (i) will not use the Confidential Information in any other business or capacity; and
- (ii) will maintain the absolute secrecy and confidentiality of the Confidential Information; and
- (iii) will not make unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form; and
- (d) will adopt and implement all reasonable procedures prescribed from time to time by Company to prevent unauthorized use or disclosure of or access to the Confidential Information; and
- (e) Undersigned shall require all management personnel, as a condition of employment to execute covenants that they will maintain the confidentiality of all information, written or verbal, which they receive in connection with their employment by Undersigned. Such covenants shall be in a form satisfactory to the Company, including, without limitation, specific identification of the Company as a third party beneficiary of such covenants with the independent right to enforce them.

10. **Applicable Term.** The Applicable Term of this Agreement shall be the term to which the Undersigned is employed by Franchisee.

11. **Defend Trade Secrets Act Notice.** Notwithstanding anything contained in this Agreement or the Company's policies or procedures that may be in effect from time to time, to the contrary:

- (a) an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made in confidence to a federal, state or local

government official, either directly or indirectly, or to an attorney; and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(b) an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (i) files any document containing the trade secret under seal; and (ii) does not disclose the trade secret, except pursuant to court order.

12. **Miscellaneous.**

(a) This Agreement shall not be construed to grant to the Undersigned any patents, licenses, or similar rights to Confidential Information disclosed to the Undersigned hereunder, all of which rights and interests shall be deemed to reside or be vested in the Company.

(b) This Agreement, does not supersede, but rather is in addition to and cumulative with, all prior agreements, written or oral, between the parties relating to the subject matter of this Agreement. This Agreement may not be modified, changed or discharged, in whole or in part, except by an agreement in writing signed by the parties.

(c) This Agreement will be binding upon and inure to the benefit of the parties and their respective successors and assigns.

(d) the invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(e) This Agreement shall be construed and interpreted in accordance with the laws of the State of Florida.

EXECUTED as of _____.

UNDERSIGNED:

By: _____

Name: _____

Franchisee (Entity) Name: _____

HUEY MAGOO'S RESTAURANTS, LLC

By: _____

Name: _____

Title: _____

EXHIBIT G TO HUEY MAGOO'S FRANCHISE DISCLOSURE DOCUMENT

COCA-COLA FORM OF PARTICIPATING FRANCHISEE AGREEMENT

COCA-COLA
HUEY MAGOO'S RESTAURANTS, LLC FRANCHISEE PARTICIPATION AGREEMENT

1. PARTIES

The parties to this Agreement are Franchisee and Company.

2. DEFINITIONS

Capitalized terms not otherwise defined in the Agreement are defined in **Exhibit B**.

3. FRANCHISED OUTLETS

The Agreement will apply to all Franchised Outlets with the exception of Boyd Gaming Hotel located at Fremont Hotel & Casino, 200 Fremont Street, Las Vegas, NV 89101. If any Franchised Outlet is eligible for an alternate marketing or funding program offered directly or indirectly by Company or any of its subsidiaries or authorized bottlers, Company in its sole discretion will determine which marketing or funding program will be made available to that Franchised Outlet. In no event will any Franchised Outlet be eligible for more than one marketing or funding program offered by Company or any of its subsidiaries or authorized bottlers. Customer agrees to provide Company with prompt written notice of the opening, acquisition, transfer or closing of any Franchised Outlet.

4. EFFECTIVE DATE AND TERM

This Agreement will become effective when signed by Franchisee and an authorized representative of Company and will be in effect throughout the Term. The Term of this Agreement is defined as the period from the first day of the month in which is signed by the Franchisee and continuing until the expiration or termination of the Beverage Marketing Agreement between Company and Customer dated August 1, 2023 ("**BMA**").

5. EXHIBITS

This Agreement also consists of the following:

- i. **Exhibits A-1 through A-3** Program Terms and Conditions
- ii. **Exhibit B** Definitions
- iii. **Exhibit C** Standard Terms and Conditions
- iv. Any other terms and conditions referenced herein.

The parties agree that this Agreement may be signed electronically and that the electronic signatures are deemed original signatures for purposes of the validity, enforceability, and admissibility of this Agreement.

**THE COCA-COLA COMPANY, acting by and through
COCA-COLA NORTH AMERICA**

(Insert Legal Business Entity Name of Franchisee)

Agreed to on date signed: _____

Agreed to on date signed: _____

Signature: _____

Signature: _____

Print Name: Hector Gallardo

Print Name: _____

Title: VP, Customer Leadership, Foodservice, East Region
One Coca-Cola Plaza
Atlanta, GA 30313

Title: _____

Address: _____

cc: Legal
Finance

ACN: _____

EXHIBIT A-1
FOUNTAIN PROGRAM TERMS AND CONDITIONS

1. AVAILABILITY

1.1. Fountain Beverage Availability

Each Franchised Outlet will serve a brand set of Company Fountain Beverages that consists of Coca-Cola®, Diet Coke®, Sprite®, and Coke® Zero Sugar on Dispensers with the remaining Company Fountain Beverages being jointly selected by Customer and Company. All Fountain Beverages served in the Franchised Outlets will be Company Fountain Beverages; provided, however, that each Franchised Outlet may serve the Fountain Beverage Permitted Exception on Dispensers but only on one valve per Dispenser per Franchised Outlet. Customer may not dedicate any valve on a Dispenser leased from Company to dispense tap water.

“**Fountain Beverage Permitted Exception**” means the stock keeping unit of regular Dr Pepper® in Fountain Beverage form. If the Fountain Beverage Permitted Exception becomes a Product of PepsiCo at a later date, that Competitive Beverage will no longer be deemed a Fountain Beverage Permitted Exception.

1.2. Bottle/Can Beverage Availability

Franchisee further recognizes that the sale of Competitive Beverages in Bottle/Can Beverage form would diminish the product availability rights given to Company, and therefore agrees that all Bottle/Can Beverages sold in the Franchised Outlets will be Company Bottle/Can Beverages.

2. PRICING

Franchisee will have the right during the Term to purchase Company Fountain Syrups from Company at Company’s then-current published chain account prices, which prices are subject to change from time to time.

3. MARKETING PROGRAM

In consideration of the Beverage availability rights granted to Company herein, the marketing programs outlined below will be provided to assist Franchisee in maximizing the sale of Company Fountain Beverages in the Franchised Outlets.

3.1. Funding

3.1.1. New Outlet Fund

Company will provide a New Outlet Fund of \$800 for each new Franchised Outlet that is opened during the Term. The purpose of the fund is to offset costs associated with the opening of a new Franchised Outlet. Funding is provided in return for Franchisee’s commitment to serve Company Fountain Beverages in the Franchised Outlets throughout the Term, and any funding that is provided will be earned over the portion of the Term that remains after such funding is provided. Funding will be paid to Franchisee as appropriate after each new Covered Outlet is opened.

3.1.2. Marketing Support Fund

Company will provide a Marketing Support Fund in the amount of \$2.00 for each gallon of Company Fountain Syrups the Franchised Outlets purchase. Funding will be paid to Franchisee semi-annually, following the period in which it is earned.

3.2. Performance Criteria

To qualify for funding, Franchisee and each Franchised Outlet must comply with all of the following performance criteria and all other obligations under this Agreement:

- ix. Implement and maintain a Company Fountain Beverage cup set consisting of no smaller than 20 oz., and 32 oz. sizes.
- x. Prominently display approved renditions of Company trademarked vessels and/or Company brands, trademarks/logos on all menus, including drive-thru and dine-in menus and menu boards (including combo meals), apps, and any other form of menu messaging.
- xi. Include approved renditions of Company brands, trademarks and/or logos in Franchisee’s online presence where a Beverage or food is shown, including but not limited to apps owned and/or managed by the Franchisee, social media, any third-party delivery apps (e.g., Instagram and Facebook accounts, UberEats, GrubHub, DoorDash, etc.), as well as on Franchisee websites and signage, as mutually agreed upon by the parties.
- xii. Include approved renditions of Company brands, trademarks and/or logos on merchandise at point of order (e.g., counter card, register topper, counter mats, lobby stands).

- xiii. Include approved renditions of Company brands, trademarks and/or logos on the following: register topper, wall poster in beverage center, door merchandising, and window merchandising.
- xiv. Execute annually two (2) suggestive selling crew program(s) featuring Company brands.
- xv. Perform those additional Company Fountain Beverage marketing activities the parties mutually agree upon.
- xvi. Provide regular access to Company Beverage sales data.

Franchisee agrees that Company will have the right to audit compliance with the performance criteria and other obligations at all reasonable times and places. Franchisee will provide proof of compliance with the performance criteria upon request.

4. EQUIPMENT PROGRAM

Where permitted by law, Company will lease to Franchisee without any additional charge during the Term the Dispensers owned by Company that are currently installed in the Franchised Outlets. Company will also lease to Franchisee without any additional charge for each newly opened or acquired Franchised Outlet a Dispenser package consisting of the Company approved Dispensers reasonably necessary to dispense a quality Fountain Beverage in each Franchised Outlet. No ice makers or water filters will be provided. Equipment innovations that require a separate agreement (such as Coca-Cola Freestyle or Costa® Coffee equipment) will also not be provided without such separate agreement.

In any state where a lease without any additional charge is not permitted (e.g., Wisconsin) or Franchisee elects to lease additional Dispensers, such Dispensers will be leased at an annual lease rate calculated by multiplying the total installed cost of the additional Dispensers by the then-current lease factor. The lease factor currently in effect for Dispensers is 0.24. Should the lease factor change during the Term, any Dispenser installed after the change goes into effect will be subject to the new lease factor. Lease charges, if any, will be deducted from earned funding. Charges in excess of earned funding will be invoiced.

All Dispensers provided by Company will at all times remain the property of Company and are subject to the terms and conditions of the Lease except as specifically changed by the Program Terms and Conditions or the Standard Terms and Conditions.

5. SERVICE PROGRAM

Franchisee may use Company's service network without any additional charge for up to three (3) regular mechanical repair calls for Dispensers provided by Company for each twelve-month Year (which will be prorated for each Year less than twelve months) at each Franchised Outlet. These calls are calculated sequentially on a per outlet basis and may not be aggregated. Parts required for these regular mechanical repair calls will also be provided without any additional charge. Any Special Service Calls are not considered regular service and will not be provided free of charge. Charges for Special Service Calls or for regular mechanical repair calls in excess of those available without any additional charge under this program will be deducted from earned funding. Charges in excess of funding will be invoiced. Charges will include labor, travel time, parts, and administrative costs.

6. FAIR SHARE

If Franchisee desires to use a Legacy Dispenser provided by Company in any calendar year to dispense a Fountain Beverage Permitted Exception in the Franchised Outlets on only one valve per Legacy Dispenser as stated in Section 2 above, an additional fair share charge of \$195.76 for that calendar year for each one of those valves will be incurred. Fair share charges will be deducted from earned funding. Franchisee will annually provide Company with a list of all Franchised Outlets that serve a Fountain Beverage Permitted Exception.

EXHIBIT A-2
LEMONADE PROGRAM TERMS AND CONDITIONS

1. AVAILABILITY

Franchisee may serve in each Franchised Outlet a core brand set of Lemonade that consists of Minute Maid® Lemonade (or such substitute products that may become available) in frozen concentrate form for dispensing on the premises. Should Franchisee choose to roll out a Lemonade program, Franchisee agrees that all Lemonade served in the Franchised Outlets will be Company Beverages.

2. PRICING

Company agrees that during the Term, Franchisee will have the right to purchase Company Juice at Company's then-current published chain account price, plus when applicable, distributor mark-up, freight and delivery fees, or platform upcharges that may be a component of freight. The chain account price is subject to change from time to time.

3. PERFORMANCE CRITERIA

To qualify for the funding set forth above, Franchisee and each Franchised Outlet must comply with all of the following performance criteria and all other obligations under this Agreement:

- i. Should Franchisee choose to roll out a Lemonade program, as part of the next menu reprint to take place after such roll out, prominently display approved renditions of Company Lemonade brands, trademarks and/or logos on all dine-in menu boards.
- ii. Prominently display approved renditions of Company Juice brands, trademarks and/or logos on all menus, including drive-thru and dine-in menus and menu boards (including combo meals), apps (including third party delivery apps), and any other form of menu messaging.
- iii. Include approved renditions of Company Juice brands, trademarks and/or logos on merchandising materials.
- iv. Perform those additional Company Juice marketing activities the parties mutually agree upon.

Franchisee agrees that Company will have the right to audit compliance with the performance criteria and other obligations outlined herein at all reasonable times and places. Franchisee will provide proof of compliance with the performance criteria upon request.

4. EQUIPMENT AND SERVICE PROGRAM

Should Customer choose to roll out the Company Lemonade program to the entire System, Company will provide to Franchisees Equipment Funding at the rate of \$1,250 per Franchised Outlet. The purpose of this fund is to offset the cost associated with the purchase by Franchisee of the Dispensers. Funding is provided in return for Franchisee's commitment to serve Company Juice in the Franchised Outlets throughout the Term, and will be earned over the Term at the rate of \$3.47 per physical case of Company Juice the Franchised Outlets purchase. Funding will be paid to Franchisee upon proof of Dispenser installation.

Franchisee is responsible for procuring service for the Dispensers for all Covered Outlets.

EXHIBIT A-3
HONEST KIDS® PROGRAM TERMS AND CONDITIONS

1. AVAILABILITY

Each Franchised Outlet will serve a brand set of packaged Juice that consists of Honest Kids Juice (or such substitute products that may become available). All Juice served in the Franchised Outlets will be Company Beverages.

2. PRICING

Company agrees that during the Term, Franchisee will have the right to purchase Company Juice at Company's then-current published chain account price, plus distributor mark-up. The chain account price is subject to change from time to time.

3. PERFORMANCE REQUIREMENTS

To qualify for funding, Franchisee and each Franchised Outlet must comply with all the following performance criteria and all other obligations under this Agreement:

- i. Include approved renditions of Company Juice brands, trademarks and/or logos in Franchisee's online presence where a Packaged Juice is shown, including but not limited to apps owned and/or managed by the Franchisee, social media, any third-party delivery apps (e.g., Instagram and Facebook accounts, Ubereats, GrubHub, Door-Dash, etc.), as well as on Franchisee websites and signage, as mutually agreed upon by the parties.
- ii. Use approved renditions of Company trademarks and/or logos on table tents or menus featuring a Company Juice, as mutually agreed upon by the parties.
- iii. Perform those additional Company Juice marketing activities the parties mutually agree upon.

Franchisee agrees that Company will have the right to audit compliance with the performance criteria and other obligations at all reasonable times and places. Franchisee will provide proof of compliance with the performance criteria upon request.

EXHIBIT B DEFINITIONS

Capitalized words or phrases used throughout this Agreement have the following meanings:

1. **"Agreement"** means this agreement and all exhibits and attachments thereto.
2. **"Authorized Distributor"** means a distributor with authorization from Company to sell certain Company Beverages to customers, which authorization may change or be revoked at any time.
3. **"Beverage"** means all non-alcoholic beverages (i.e. anything consumed by drinking), whether or not such beverages (i) contain nutritive, food, or dairy ingredients or (ii) are in a frozen form. This definition applies without regard to the beverage's labeling or marketing. Powders, syrups, grounds (such as for coffee), herbs (such as for tea), concentrates, K-Cups®, pods and all other beverage ingredients or bases from which Beverages can be made are deemed to be included in this definition. For the avoidance of doubt, "flavor enhancers", "liquid water enhancers", brands and products of water purification and Beverage making systems (e.g. Brita®, Soda Stream®), and non-alcoholic beverages sold as "shots" or "supplements" are considered Beverages. However, this definition does not include fresh-brewed unbranded coffee and fresh-brewed unbranded tea products, unflavored and unbranded dairy products, water drawn from the public water supply or unbranded juice squeezed fresh at a Covered Outlet. Nothing in this definition is intended to limit or expand what Customer must serve under the Availability section(s) of the preceding Exhibits.
4. **"Bottle/Can Beverage"** mean any Beverage, including a pre-mix Beverage, in pre-packaged, ready-to-drink form in bottles, cans or other factory-sealed containers.
5. **"Company"** means The Coca-Cola Company, acting by and through Coca-Cola North America. When the term Company is applied to a term (such as Beverage as in "Company Beverage") it means such term as marketed under (i) trademarks owned by Company and (ii) trademarks licensed to Company that are designated as a Company product by Company.
6. **"Competitive Beverage"** means any Beverage that is not a Company Beverage.
7. **"Customer"** means Huey Magoo's Restaurants, LLC and any of its subsidiaries or any entity that is under the same ownership group as Huey Magoo's Restaurants, LLC.
8. **"Dispenser"** means a piece of equipment that dispenses Beverages through a valve. Any valve on a Dispenser that is a multi-flavor or multi-brand valve only counts as one valve.
9. **"Fountain Beverages"** are those Beverages that are served through Dispensers and any carbonated Beverages that are not Bottle/Can Beverages.
10. **"Fountain Syrup"** means Fountain Beverage syrup used to prepare Fountain Beverages, but does not include Frozen Fountain Syrup or other forms of concentrate, such as frozen concentrates used to prepare Juices, or liquid coffee concentrate.
11. **"Franchised Outlets"** means outlets, properties and facilities located in the 50 United States and the District of Columbia where Beverages are served that are owned or operated by Franchisees, including any such outlets, properties and facilities that are (i) opened after the Agreement is signed, (ii) co-branded or (iii) acquired during the Term of the Agreement (unless those outlets, properties and facilities are already governed by an agreement with Company and that agreement is validly assigned to Franchisee as part of the acquisition); provided, however, that if the acquired outlets are currently under a pre-existing agreement with a Competitive Beverage supplier, the acquired outlets will come under this Agreement after the applicable agreement with the Competitive Beverage supplier is terminated or expires. With respect to those provisions relating to Bottler Bottle/Can Beverages, this Agreement will only apply to those Franchised Outlets that are located in the geographic territory in which Bottler is authorized to distribute, promote, market, and sell Company Bottle/Can Beverages. The term Franchised Outlets includes all locations within such outlets, properties and facilities where Beverages are or can be served, including, but not limited to, buildings, grounds, parking lots, food courts, concession areas, vending areas, dining areas, banquet areas, sidelines, benches and locker rooms, branded and unbranded food service outlets and dining facilities, and employee lounges/break rooms located within or adjacent to such outlets, properties and facilities.
12. **"Juice"** means juice and juice drink products.

13. **“Lease”** means the terms and conditions set forth in the Dispensing Equipment Lease available at www.CokeURL.com/CCNALease and incorporated herein by reference.
14. **“Lemonade”** means a beverage identified as “lemonade” or a variety thereof (e.g. “Strawberry Lemonade”) with ingredients including lemon juice and sweetened water, which may be prepared, dispensed or served using a variety of methods and equipment, including packaged concentrate, frozen concentrate, bubblers, fountain equipment, containers, etc.
15. **“Product of PepsiCo”** means any (i) Beverage which has a trademark owned by, licensed to, controlled by or distributed by PepsiCo, Inc. or any of its subsidiaries, affiliates or bottlers, or any entity or joint venture in which PepsiCo, Inc. or any of its subsidiaries, affiliates or bottlers, has at least a 50% ownership interest or (ii) non-Beverage that is marketed under a Beverage trademark described in (i).
16. **“Product Warranty and Indemnity”** means the terms and conditions set forth in the Product Warranty and Indemnity available at <https://CokeURL.com/CCNAProductWarranty> and incorporated herein by reference.
17. **“Quality Beverage Standards”** means the Quality Beverage Standards found at: <https://CokeURL.com/CCNABeverageStandard> and incorporated herein by reference.
18. **“Special Service Calls”** means any removal (unless already charged pursuant to the terms in Section 1.2 of Exhibit C or the removed Dispenser is replaced with another Company-provided Dispenser), remodel, relocation or reinstallation of Dispensers, installation or removal of ice makers, service caused by non-approved ice, flavor changes, summerize/winterize, line changes, or service necessitated by damage or adjustments to the equipment resulting from exposure to the elements, misuse, abuse, failure to follow operating instructions, service caused by Competitive Beverages, or service by unauthorized personnel, unnecessary calls (equipment was not plugged in, CO2 or Fountain Syrup container was empty), or calls that are not the result of mechanical failure.
19. **“Term”** is defined in the Effective Date and Term section.
20. **“Year”** means each consecutive twelve month period during the Term, beginning with the first day of the Term, and any remaining period of time between the last full twelve-month period of the Term and the end of the Term.

EXHIBIT C STANDARD TERMS AND CONDITIONS

1. TERMINATION AND DAMAGES

1.1 Once both parties sign the Agreement, it may be terminated before the scheduled expiration date only in the following circumstances (i) either party may terminate the Agreement if the other party fails to comply with a material term or condition of the Agreement and does not remedy the failure within 90 days after receiving written notice specifying the non-compliance or (ii) Company may terminate the Agreement if, at any time during the Term or over the course of the Term, there is a transfer or closing of a substantial number of the Franchised Outlets or a transfer of a substantial portion of the assets of Franchisee or Franchisee.

1.2 Upon expiration or termination, Franchisee must return any Equipment (as defined in the Lease) owned by Company and the marketing program will no longer be made available to Franchisee. In addition, as set forth in the Lease, if any piece of Equipment is removed from a Franchised Outlet for any reason other than Company removing a piece of Equipment without cause, prior to 100 months from the installation date for that piece of Equipment, Franchisee will pay Company (i) Company's then-current standard cost of removal (including standard shipping and handling charges), (ii) Company's then-current standard charge for remanufacturing of the Equipment, as well as (iii) the unamortized portion of the costs of (a) installation and (b) non-serialized parts (e.g., pumps, racks and regulators) and other ancillary equipment. Upon termination, Franchisee must also pay the following amounts (a) all paid but unearned funding plus (b) interest at the rate of 1%, compounded monthly, or such lesser percentage as required by law, accrued from the date funds were paid or the costs outlined in items (i), (ii) and (iii) above were incurred through the date of repayment.

1.3 The parties acknowledge that in addition to the damages outlined above, either party may pursue other remedies or damages if the other party breaches the terms of the Agreement. Nothing herein will be construed as a waiver of any right of Company to prove consequential damages as a result of a breach by Franchisee including, but not limited to, lost profits, and other damages allowable.

2. **NON-COMPLYING OUTLETS.** If any Franchised Outlet fails to comply with this Agreement, Franchisee will forfeit all funding earned by such Franchised Outlet for the period of non-compliance and Company may refuse to sell, or may limit the quantity of Beverages sold, to such Franchised Outlet. In the event the Franchised Outlet has not achieved compliance within 30 days from receipt of written notice of non-compliance, Company will have the option to terminate this program with respect to such Franchised Outlet on 30 days' additional written notice. In the event 10% or more of the Franchised Outlets fail to comply with this Agreement, Company will have the right to terminate this Agreement for breach, and the termination remedies set forth above will apply. Nothing in this paragraph will operate to restrict any of Company's other remedies in the event of a material breach by Franchisee.

3. **GOVERNING LAW/ DISPUTE RESOLUTION.** This Agreement will at all times be governed by the laws of the State of Georgia. Should there be a dispute between Company and Franchisee relating in any way to the Agreement, the breach of the Agreement, or the business relationship of the parties, the parties agree that they will make a good faith effort to settle the dispute in an amicable manner. If the parties are unable to settle the dispute through direct discussions, at that time they will attempt to settle the dispute by mediation administered by the American Arbitration Association (the "AAA") as a condition precedent to either party's resort to litigation or other formal, binding means of dispute resolution. The prevailing party will be entitled to recover its reasonable attorneys' fees and other costs and expenses of litigation or other formal means of dispute resolution. If litigation is pursued, the exclusive venue for such litigation will be in the federal or state courts located in Atlanta, GA, and the parties agree to submit to the personal jurisdiction of the courts in the State of Georgia.

4. TRANSFERS, ASSIGNMENTS AND CLOSURES

4.1 If there is a transfer of a substantial number of the Franchised Outlets, or a transfer of a substantial portion of the assets of Franchisee, and Company does not elect to terminate the Agreement under the "Termination and Damages" section above, then, at Company's election, Franchisee will cause the acquiring, surviving or newly created business to assume all of Franchisee's obligations under the Agreement with regard to the acquired assets or business. For purposes of this Agreement, the effective date of any such transfer shall be the first day of the month immediately following the actual date of ownership transfer. The Agreement will not be otherwise assignable without the express written consent of Company. Company may assign all or part of its rights and obligations under this Agreement to any Company subsidiaries or any Company licensed bottlers. Nothing contained herein will be construed as a waiver of Company's termination rights pursuant to this Agreement.

4.2 If Franchisee transfers or closes any Franchised Outlets, Franchisee will pay Company the costs outlined in Section 1.2 in the "Termination and Damages" section above on Equipment in any Franchised Outlet installed less than 100 months prior to the transfer or closure, unless Franchisee causes the new owner or operator at the location to assume the lease of the Equipment on terms acceptable to Company in its reasonable discretion.

4.3 If there is a transfer or closure of a substantial number of Franchised Outlets, and Company does not elect to terminate the Agreement under the "Termination and Damages" section above, then, at Company's election, Company may equitably adjust funding to reflect the diminished number of Franchised Outlets.

5. **TRADEMARKS.** Neither Franchisee nor Company will make use of Company's or Franchisee's trademarks or logos (either alone or in conjunction with their or another party's trademarks or logos) without the prior written consent of that party, and all use of the other party's trademarks will inure to the benefit of trademark owner.

6. **NO COMPETITIVE ADVERTISING.** Except with respect to the Fountain Beverage Permitted Exception, (i) Franchisee will not depict, advertise, promote or merchandise any Competitive Beverages or non-Beverage products marketed under Beverage trademarks that are not Company Beverage trademarks (e.g., Gatorade Energy Bars) (collectively, "Competitive Products") anywhere in or in association with the Franchised Outlets and (ii) Franchisee will not enter into any agreement or relationship whereby any Competitive Products are associated in any advertising or promotional activity of any kind with Franchisee, the Franchised Outlets, or any of the trademarks of Franchisee. The Term "Competitive Products" does not include alcohol beverage products.

7. **PRICING AND PAYMENTS.** All prices quoted in this Agreement do not include, and Franchisee will be responsible for the payment of all taxes, deposits, handling fees, distributor markup, freight, handling fees, platform upcharges, recycling fees, government related fees or costs and governmental taxes, excises and/or other charges (except taxes on or measure by net income) that Company may be required to pay with respect to the production, sale or transportation of the products except where the law otherwise provides. If the pricing differs from the order date to the delivery date, the parties agree that the pricing effective on the delivery date will be the price applicable to such order and delivery, unless otherwise provided in this Agreement. Company will not be required to make any payments to Franchisee until Franchisee, upon request, provides Company with documentation required to release payment (such as a W-9 and ACH form) and any delay in obtaining such documentation will correspondingly delay any of Company's payment deadlines. Company will hold such payment(s) for one (1) year from the date payment(s) is owed, and then will retain such payment(s). Funding will be paid using Company approved forms of payment (currently ACH direct deposit).

8. **CONFIDENTIALITY.** Neither party will disclose to any third party without the prior written consent of the other party, any information concerning this Agreement, including any subsequent renewal of this Agreement, or the transactions contemplated hereby, except for disclosure (i) attorneys, accountants or consultants (provided the Company has been advised of the consultant's involvement and such consultant has signed a nondisclosure agreement with the Company) involved in assisting with the negotiation and closing of the contemplated transactions, or (ii) to any Franchisee or affiliates of Company including Company's bottlers, or (iii) as required by law. A party that makes a permitted disclosure must obtain assurances from the party to whom disclosure is made that such party will keep confidential the information disclosed and comply with the terms and obligations of this provision in the same manner as the parties are bound.

9. **OFFSET.** If Franchisee owes any amounts to Company under this or any other agreement, in addition to any other remedies it may have, Company may use funds due Franchisee to offset amounts due to Company under this or any other agreement. Excess equipment and service fees and costs and fair share charges, if any, will be deducted from earned funding.

10. **FORCE MAJEURE.** Either party is excused from performance under this Agreement to the extent and for so long as such nonperformance results from any act of God, strikes or work stoppages, war, terrorism, riots, acts of governmental authorities, shortage of raw materials or any other cause outside the reasonable control of the nonperforming party; provided, however, that Company may suspend or proportionately reduce funding payments to the extent that Franchisee is unable to fulfill its obligations hereunder.

11. **WAIVER.** The failure of either party to seek redress for the breach of, or to insist upon the strict performance of any term, clause or provision of the Agreement, will not constitute a waiver, unless the waiver is in writing and signed by the party waiving performance.

12. **WARRANTIES.** Franchisee and Company each represent and warrant that they have the unrestricted right to enter into this Agreement and to make the commitments contained in this Agreement. In addition, each party represents that the person whose signature appears on the Agreement has the right to execute this Agreement on behalf of the party indicated. Franchisee represents and warrants that it will use Company's products only for their intended purpose and will comply with (i) all applicable laws and regulations (ii) all appropriate practices with respect to food safety including the storing, preparation and serving of food and potability of water, (iii) all equipment manufacturers' specifications and product dispensing and preparation instructions and specifications and (iv) Company's Quality Beverage Standards. Company provides the Product Warranty and Indemnity to Franchisee.

13. **RESALE AND PACKAGING.** Franchisee represents and warrants that it will

i. not transfer or resell Company Beverages or Company Beverage packages to any other entity (other than Franchisee's own retail outlets or for the purpose of environmentally safe disposal) or for residential or home use;

ii. only allow Company Fountain Beverages to be used with cups, glasses or other containers designed for reasonably immediate consumption and not for extended storage or with returnable bottles or similar containers;

iii. not tamper with any Company Beverage or Company Beverage package;

iv. not repackage or transfer any Company Beverage into other containers without Company authorization;

v. not refill or reuse any Company Beverage container;

vi. notify Company promptly of any quality problem related to Company Beverages at 1-800-241-2653;

vii. rotate stock of Company Beverages to ensure that they are used before their shelf life date; and

viii. not export Company Beverages or Company Beverage packaging without Company's expressed written consent.

14. CLAIMS FOR REBATE, DISCOUNT OR ALLOWANCE DISCREPANCIES. In no event will Company accept any claims of discrepancies or errors in pricing or funding hereunder more than 1 year from the date of invoice with respect to pricing or payment with respect to funding. In support of any such claim, Franchisee will provide a detailed, written request specifying the particular product, the amount in dispute and reason for dispute, along with a true copy of the original invoice or payment and all other documents in support of the claim. Company will review each such claim in good faith and provide prompt responses to each properly made claim. Franchisee will not withhold payments owing to Company regardless of the pendency of such a claim. If Franchisee withholds any payments, Company reserves the right to withhold funding due Franchisee. Company will work directly with the Franchisee to resolve any such claims, but will not interact with third-party auditors or contractors.

15. CONSTRUCTION/SEVERABILITY. This Agreement and any accompanying documents constitute negotiated agreements between the parties, and the fact that one party or its counsel, or the other, will have drafted this Agreement, any document or particular provision hereof will not be considered in the construction or interpretation of this Agreement, the documents or any provision hereof. If any term or provision of this Agreement is found to be void or contrary to law, such term or provision will be deemed severable, but only to the extent necessary to bring this Agreement within the requirements of law, from the other terms and provisions hereof, and the remainder of this Agreement will be given effect as if the parties had not included the severed term herein.

16. THIRD PARTY BENEFICIARIES. Franchisee and Company hereby expressly acknowledge and agree that this Agreement is for the sole exclusive benefit of the parties hereto, and no other third party is intended to or will have any rights hereunder.

17. INDEMNITY. As to claims related to the use and consumption of Company Beverages, the Product Warranty and Indemnity shall apply. As to claims not related to the use and consumption of Company Beverages, Company will defend and indemnify Franchisee and its affiliates and each of their officers, agents, employees, directors, shareholders, successors, and assigns (hereinafter the "Franchisee Indemnified Parties") against, and hold the Franchisee Indemnified Parties harmless from, any and all third party claims, actions, suits, proceedings, and demands, and resulting damages, liabilities, and all reasonable costs and expenses, including, without limitation, the Franchisee Indemnified Parties' reasonable attorneys' fees and expenses, to the extent arising out of the negligence or willful misconduct of Company or Company's failure to comply with this Agreement, excepting only to the degree such claims are the result of the Franchisee Indemnified Parties' negligent or willful acts or the Franchisee Indemnified Parties' breach of this Agreement. This duty to defend and indemnify shall survive termination or expiration of this Agreement with respect to any claims or liability arising prior to such expiration or termination.

Franchisee will defend and indemnify Company, and their affiliates and each of their officers, agents, employees, directors, shareholders, successors, and assigns (hereinafter the "Coca-Cola Indemnified Parties") against, and hold the Coca-Cola Indemnified Parties harmless from, any and all third party claims, actions, suits, proceedings, and demands, and resulting damages, liabilities, and all reasonable costs and expenses, including, without limitation, the Coca-Cola Indemnified Parties' reasonable attorneys' fees and expenses, to the extent arising out of the negligence or willful misconduct of Franchisee or Franchisee's failure to comply with this Agreement, excepting only to the degree such claims are the result of the Coca-Cola Indemnified Parties' negligent or willful acts or the Coca-Cola Indemnified Parties' breach of this Agreement. This duty to defend and indemnify shall survive termination or expiration of this Agreement with respect to any claims or liability arising prior to such expiration or termination.

18. LIMITATION OF LIABILITY. COMPANY DOES NOT ACCEPT LIABILITY BEYOND THE REMEDIES SET FORTH HEREIN, INCLUDING BUT NOT LIMITED TO ANY LIABILITY FOR COMPANY BEVERAGES OR EQUIPMENT NOT BEING AVAILABLE. COMPANY DOES NOT ACCEPT LIABILITY FOR ACTIONS OR INACTIONS OF ANY FRANCHISEE CONTRACTOR EVEN IF THE COMPANY REFERRED THE CONTRACTOR TO FRANCHISEE OR SCHEDULED THE CONTRACTOR'S WORK. COMPANY WILL NOT BE LIABLE FOR ANY CONSEQUENTIAL, SPECIAL, INDIRECT OR PUNITIVE DAMAGES, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, OR FOR ANY CLAIM BY ANY THIRD PARTY. FRANCHISEE AGREES THAT FOR ANY LIABILITY RELATED TO THE PURCHASE OF PRODUCTS OR SERVICES, COMPANY IS NOT LIABLE OR RESPONSIBLE FOR ANY AMOUNT OF DAMAGES ABOVE THE AMOUNT INVOICED FOR THE APPLICABLE PRODUCTS OR SERVICES. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, THE REMEDIES SET FORTH IN THESE TERMS WILL APPLY EVEN IF SUCH REMEDIES FAIL THEIR ESSENTIAL PURPOSE.

19. PRIVACY AND SECURITY REQUIREMENTS. To the extent that either party collects, accesses, or processes the Personal Information (as defined below) of consumers in connection with the performance of this Agreement, Company represents and warrants that it shall comply with, and Franchisee represents and warrants that it shall comply with (i) all applicable international, federal, state, provincial and local laws, rules, regulations, directives and governmental requirements currently in effect and as they become effective relating in any way to the privacy, confidentiality, and/or security of protected personal information, as defined by applicable law (referred to herein as "**Personal Information**"), including, but not limited to, data protected under applicable state and federal data privacy law(s) and the California Consumer Privacy Act, as amended or replaced from time to time; (ii) all applicable industry standards concerning privacy, data protection, confidentiality or information security including, if applicable, the Payment Card Industry Data Security Standard ("**PCI DSS**"); and (iii) applicable provisions of each party's respective written requirements, currently in effect and as they become effective relating in any way to the privacy, confidentiality, and/or security of Personal Information or applicable privacy policies, statements or notices (collectively, "**Privacy and Security Requirements**").

Neither party shall retain, use, disclose, or otherwise process Personal Information for any purpose other than for the specific purpose of performance under this Agreement, or as is otherwise permitted by applicable law, upon explicit agreement between the Parties, or with explicit permission from the individual to whom the Personal Information relates. Each party is prohibited from selling or otherwise receiving remuneration (absent explicit individual consent, as defined by applicable law) in exchange for any Personal Information, which either party collects, accesses, or otherwise processes pursuant to this Agreement.

20. CONSENT TO AUTOMATED CALLS. (A) BY EXECUTING THE AGREEMENT, FRANCHISEE AUTHORIZES COMPANY TO DELIVER OR CAUSE TO BE DELIVERED TO FRANCHISEE TELEMARKETING CALLS AND SMS MESSAGES USING AN AUTOMATIC TELEPHONE DIALING SYSTEM OR AN ARTIFICIAL OR PRERECORDED VOICE; AND (B) FRANCHISEE ACKNOWLEDGES THAT IT IS NOT REQUIRED TO SIGN THE AGREEMENT (DIRECTLY OR INDIRECTLY) OR AGREE TO ENTER INTO SUCH AN AGREEMENT AS A CONDITION OF PURCHASING ANY PROPERTY, GOODS, OR SERVICES.

21. ADDITIONAL TERMS. The terms and conditions of this Agreement will supersede all prior agreements between the parties relating to the subject matter of this Agreement. No supplement, modification, or amendment of this Agreement will be binding unless executed in writing by authorized representatives of both parties. Company will not be bound by any standard or preprinted terms or conditions contained in Customer's or Franchisee's purchase orders, acknowledgements, invoices, vendor allowance forms or other Franchisee or Franchisee forms, or counteroffers, that propose terms or conditions in addition to or differing from the terms and conditions set forth in this Agreement with respect to its subject matter. In addition, any terms and conditions on Customer's or Franchisee's internet site to which agreement by Company is deemed or required in any manner, whether through an online electronic agreement, site use, or otherwise, will be null and void and of no legal effect on Company.

EXHIBIT H TO HUEY MAGOO'S FRANCHISE DISCLOSURE DOCUMENT

DR PEPPER FORM OF FRANCHISEE PARTICIPATION AGREEMENT

Form of Franchisee Participation Agreement

Huey Magoo's ("Fountain Account") – Dr Pepper/Seven Up, Inc. ("Dr Pepper")
Fountain Support Agreement dated January 24, 2024

In order to be eligible for funding under the above Fountain Support Agreement, a franchisee and Dr Pepper must enter into this participation agreement form and the franchisee must submit a Location List (see attached) and completed and signed W-9 (see attached). This form helps confirm your proper franchisee entity name, payment address, tax id and Locations and the W-9 is required to make payments. By entering into this form, Dr Pepper agrees to offer you, the below franchisee/licensee, certain rebates and other funding support in exchange for the purchase and promotion of Dr Pepper's fountain products and you agree to the terms of such funding and the Fountain Support Agreement. The Fountain Support Agreement may be extended and/or amended by Fountain Account and Dr Pepper.

Attachment 1 provides a summary of the funding support terms. Your fountain support will begin effective the 1st day of the month after mutual execution of this participation form and run through the same end date as the Fountain Support Agreement (unless otherwise set forth in Attachment 1).

Please sign and send this entire form (including Location List and W-9) to us by e-mail to: ffscontracts@kdrp.com. You must sign and return it within 60 days of the date first set forth above to be valid, unless we thereafter sign and return it to you, and only upon our signing will it be a final binding agreement. If you have any questions, please do not hesitate to contact your DPSU sales representative.

FRANCHISEE COMPANY LEGAL NAME:	DR PEPPER/SEVEN UP, INC.
<i>(please use full legal entity name if applicable)</i>	
SIGNATURE: _____	SIGNATURE: _____
PRINT NAME: _____	PRINT NAME: _____
TITLE: _____	TITLE: _____
DATE: _____	DATE: _____
ADDRESS FOR NOTICES AND PAYMENTS:	ADDRESS FOR NOTICES:
_____	6425 Hall of Fame Lane
_____	Frisco, TX 75034
	ATTN: GENERAL COUNSEL
TAX ID: _____	
PHONE: _____	cc: Lisa Browner
EMAIL: _____	

**Attachment 1
Franchisee Fountain Support Program Summary**

Products. The support program (and any funding hereunder) applies only to the fountain brands listed below (“Product(s)“):

Dr Pepper

All other DPSU fountain brands other than Crush or Schweppes – Optional

Term. The term of your fountain support program will begin on the date below and run through the end date below.

<u>Begin</u>	<u>End</u>
1 st day of month after mutual execution	Will end the same date as the Fountain Support Agreement

Franchisee Support.

The below summarizes the funding support paid to you, but all such support remains subject to the full terms of the Fountain Support Agreement.

<u>Type of Support</u>	<u>Period</u>	<u>\$/gallon (or other)</u>	<u>Additional Term/Conditions</u>
Base	Semi-Annual	\$2.50/gallon	Purpose: support availability of the Products at the Locations.
Price Protection	Calendar Year (Begins 2 nd Year)	See next column	<p>Starting with the second calendar year of the Term, if the published national account price increases over the previous published national account price, we will add to the Base fund rate per gallon an amount per gallon calculated as follows:</p> <p>Price Protection adjustment based on published national account price for 5 gallon bag-in the-box containers.</p> <p>100% of the increase per gallon above a 4% increase over the previous published national account price. (For example, if the price is \$1.00, then goes to \$1.05, and the percent is 100% and the cap is 4%, we will add \$0.01 (one cent) to the Base fund thereafter.)</p> <p>Amounts will be added on a cumulative basis (i.e., the amount added will carry forward) and a new calculation will occur following each price increase.</p> <p>If we experience extraordinary cost increases and/or changes in market conditions, including, without limitation, increases to freight, raw material or packaging costs or other unusual changes in other cost factors, the parties agree to meet to discuss such items and negotiate in good faith appropriate and mutually acceptable changes to the Price Protection funding. Price Protection does not apply to price increases equal to the amount of any applicable local, state or federal taxes levied upon the distribution, sale or other transfer of, or other assessment against, the Products.</p>

Definitions. The following terms, if listed above as an additional term/condition for a type of support, mean the following with respect to that type of funding/support:

Paid with Documentation: We will pay these funds after receiving actual documentation reflecting the mutually agreed expenses incurred and documentation of the completed required conditions, as applicable. Documentation must include description of our Product use and incurred expenses as applicable.

Use or Lose: Funds must be used as mutually agreed in the period in which earned and unused funds will not carry over to the next period.

[Insert W-9 Form]

EXHIBIT I TO FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

LIST OF CURRENT FRANCHISEES

Effective as of December 31, 2023

ALABAMA

#022 AL-Montgomery-Vaughn
Mad Tenders, LLC
*Scott Pratt
8001 Vaughn Rd
Montgomery, Alabama 36116
334-557-1111

#052 AL-Prattville-Sugar Exchange
Mad Tenders, LLC
*Scott Pratt
1853 Sugar Exchange Dr
Prattville, Alabama 36066
334-310-1111

FLORIDA

#004 FL-Altamonte Springs-E Altamonte
HMALT, LLC
*Matthew Armstrong
895 E Altamonte Dr #1000
Altamonte Springs, Florida 32701
407-636-9913

#008 FL-Apopka-S Hunt Club
HMORLANDO North, LLC
*Matthew Armstrong
446 S Hunt Club Blvd
Apopka, Florida 32703
407-755-5300

#049 FL-Auburndale-Hwy 559
Empire Restaurant Group, LLC
Chris Cohen
895 Hwy 559
Auburndale, Florida 33823
321-329-8582

#039 FL-Brooksville-Cortez
HMS Spring Hill, LLC
*James Connolly
12380 Cortez Blvd
Brooksville, Florida 34613
352-247-7044

#009 FL-Champions Gate-Championsgate
Empire Restaurant Group, LLC
Chris Cohen
8316 Championsgate Blvd
Championsgate, Florida 33896
321-401-4497

#014 FL-Coral Springs-Wiles
TCEHM II, LLC
*Tyler Cafferty
9216 Wiles Rd
Coral Springs, Florida 33065
954-669-1229

#010 FL-Daytona Beach-Beville
Coastal Tenders, LLC
Gary L. Harris, Jr.
1268 Beville Rd
Daytona Beach, Florida 32114
386-238-9232

#033 FL-Gainesville-W University
Docs Tenders, LLC
*Chad Smith
1404 West University Ave Suite 40
Gainesville, Florida 32603
352-877-4505

#030 FL-Jacksonville-Old St Augustine
Birdbox Ventures, LLC
*Michael Phillips
10560 Old St Augustine Road
Jacksonville, Florida 32257
904-503-2769

#020 FL-Jacksonville Beach-Third
Birdbox Ventures, LLC
*Michael Phillips
3952 Third St South
Jacksonville Beach, Florida 32250
904-595-5172

#015 FL-Lady Lake-N Hwy 27
HMS Lady Lake, LLC
*James Connolly
629 N. Hwy 27/441
Lady Lake, Florida 32159
352-561-2627

#043 FL-Miramar-Miramar Pkwy
Cluck Holdings I, LLC
*Frank Hennessey
11225 Miramar Pkwy #200
Miramar, Florida 33025
954-251-2525

#038 FL-North Lauderdale-W McNab
TCEHM IV, LLC
*Tyler Cafferty
7206 W McNab Rd
North Lauderdale, Florida 33068
754-220-3440

#027 FL-Oakland Park-E Commercial
TCEHM III, LLC
*Tyler Cafferty
881 E Commercial Blvd
Oakland Park, Florida 33334
754-667-4998

#012 FL-Ocoee-W Colonial
HM OCOEE, LLC
*Matthew Armstrong
10341 W Colonial Dr Suite 10
Ocoee, Florida 34761
407-395-9686

#047 FL-Odessa-Pine Gap
HMS Starkey, LLC
*James Connolly
13372 Pine Gap Spur
Odessa, Florida 33556
813-343-4550

#003 FL-Orlando-UCF
Aramark Educational Services, LLC
Ann Marie Solomon
52 Pegasus Cir
Orlando, Florida 32816

#005 FL-Orlando-W Sand Lake
HM Foods Venezia, LLC
Al-Karim Dhanani
7538 West Sand Lake Rd
Orlando, Florida 32819
407-203-2051

#006 FL-Orlando-Gardens Park
HM Foods Millenia, LLC
Al-Karim Dhanani
4693 Gardens Park Blvd
Orlando, Florida 32839
407-969-0101

#036 FL-Orlando-N Orange
Serenna, LLC
Carlos Ferreira
342 N Orange Ave
Orlando, Florida 32801
407-237-7021

#024 FL-Ormond Beach-N Nova
Coastal Chicken, LLC
Gary L. Harris, Jr.
222 N Nova Rd
Ormond Beach, Florida 32174
386-256-4762

#001 FL-Oviedo-Alafaya
HM Foods, LLC
Al-Karim Dhanani
4293 Alafaya Trl
Oviedo, Florida 32765
407-977-0213

#021 FL-Pinellas Park-Park
LightC Restaurants, LLC
*Collie Lightsey
4590 Park Blvd
Pinellas Park, Florida 33781
727-914-7004

#037 FL-Port St Lucie-St Lucie W
TSH Enterprises, LLC
*Patrick Tracy
1707 St. Lucie W Blvd
Port St Lucie, Florida 34986
772-446-0541

*Denotes franchisees with multi-unit development rights

#029 FL-St Augustine-US Hwy 1 S
BMZ of St. Johns, LLC
*Michael Benedict
2490 US Hwy 1 South
St Augustine, Florida 32086
904-512-7454

#011 FL-Sunrise-W Commercial
TCEHM I, LLC
*Tyler Cafferty
9440 West Commercial Blvd Suite 101
Sunrise, Florida 33351
954-518-3006

#055 FL-Sunrise-Florida Panthers Arena
Tenders 4 Stanley, LLC
*Tyler Cafferty
1 Panther Pkwy
Sunrise, Florida 33323

#048 FL-Wildwood-Sundance
HMS Wildwood, LLC
*James Connolly
5295 Sundance Trl
Wildwood, Florida 34785
352-399-0705

#031 FL-Winter Garden-Miley
Empire Restaurant Group, LLC
Chris Cohen
9250 Miley Dr
Winter Garden, Florida 34787
321-329-8589

#002 FL-Winter Springs-Tuskawilla
Orlando Restaurant Concepts, LLC
*Matthew Armstrong
160 Tuskawilla Rd #1204
Winter Springs, Florida 32708
407-706-6004

GEORGIA

#040 GA-Covington-Town Center
Dad's Tenders, Inc.
*Derry Thompson
13000 Town Center Dr
Covington, Georgia 30014
470-462-1000

#023 GA-Dacula-Dacula
Dad's Tenders, Inc.
*Derry Thompson
755 Dacula Rd
Dacula, Georgia 30019
470-275-1000

#035 GA-Flowery Branch-Spout Springs
Dad's Tenders, Inc.
*Derry Thompson
7310 Spout Springs Rd
Flowery Branch, Georgia 30542
470-260-1000

#032 GA-Hinesville-W Oglethorpe
KRM Chicken, LLC
*Mieczyslaw Pawel Zmuda
567 W. Oglethorpe Hwy
Hinesville, Georgia 31313
912-809-6028

#013 GA-Loganville-Atlanta
Dad's Tenders, Inc.
*Derry Thompson
4630 Atlanta Hwy
Loganville, Georgia 30052
470-462-4667

#018 GA-Milledgeville-N Columbia
Chicken Boys, LLC
*Thomas Scarborough
1972 N. Columbia St
Milledgeville, Georgia 31061
478-285-0865

#019 GA-Oakwood-Thurmon Tanner
Dad's Tenders, Inc.
*Derry Thompson
3525 Thurmon Tanner Pkwy
Oakwood, Georgia 30566
470-361-1000

#017 GA-Valdosta-Gornto
SOWEGA Restaurant, LLC
*Gary L. Harris, Jr.
1900 Gornto Rd
Valdosta, Georgia 31602
229-262-7799

*Denotes franchisees with multi-unit development rights

#041 GA-Warner Robins-Lake Joy
EatinGood Investments, Inc.
*Daniel Rosales
711 Lake Joy Rd
Warner Robins, Georgia 31088
478-313-5135

MISSISSIPPI

#046 MS-Brookhaven-Hwy 51 N
Love Me Tenders, LLC
*Elmer (Buddy) Powell
110 Hwy 51 North
Brookhaven, Mississippi 39601
601-412-9111

#016 MS-McComb-Anna
Love Me Tenders, LLC
*Elmer (Buddy) Powell
342 Anna Dr
McComb, Mississippi 39648
601-996-6131

#025 MS-Pearl-Bass Pro
Love Me Tenders, LLC
*Elmer (Buddy) Powell
210 Bass Pro Dr
Pearl, Mississippi 39208
769-237-4885

MISSOURI

#057 MO-Ozark-N 23rd
HM Ozark, LLC
*James Tillman
5402 N 23rd St
Ozark, Missouri 65731
417-200-5092

#050 MO-Springfield-E. Sunshine
HM Sunshine, LLC
*James Tillman
3352 E. Sunshine St
Springfield, Missouri 65804
417-812-8020

NEVADA

#042 NV-Las Vegas-Fremont Casino
Sam-Will Inc.
200 E Fremont St
Las Vegas, Nevada 89101
702-385-3232

NORTH CAROLINA

#044 NC-Arden-Long Shoals
Carolina Tenders, LLC
*RJ Murray
291 Long Shoals Rd
Arden, North Carolina 28704
828-340-2395

OHIO

#056 OH-Centerville-Far Hills
DYT MM THREE, LLC
*Ronda Hobart
6228 Far Hills Ave
Centerville, Ohio 45459
937-207-0567

#034 OH-Englewood-N Main
DYT MM ONE, LLC
*Ronda Hobart
9196 N Main St
Englewood, Ohio 45415
937-637-1710

#053 OH Marysville-US 36
DYT MM TWO, LLC
*Ronda Hobart
15720 US-36
Marysville, Ohio 43040
937-442-0722

SOUTH CAROLINA

#026 SC-Greenville-Wade Hampton
HM Upstate, LLC
*John Knapp
2029 Wade Hampton Blvd
Greenville, South Carolina 29615
864-685-7565

#045 SC-North Charleston-Centre Point
HB Tenders, LLC
*Philip L. Horn, Jr.
4954 Centre Point Dr.
North Charleston, South Carolina 29418
854-205-4545

TENNESSEE

#028 TN-Kingsport-E Stone
ROKA, LLC
*Odus Mundy
2700 E. Stone Dr
Kingsport, Tennessee 37660
423-405-1430

#051 TN-Morristown-Erica Greene
ROKA, LLC
*Odus Mundy
4374 Erica Greene Cir
Morristown, Tennessee 37813
423-345-1334

LIST OF FRANCHISEES WITH ACTIVE FRANCHISE AGREEMENTS BUT NOT OPEN
as of December 31, 2023

FLORIDA

#067 FL-Boca Raton-Glades
TCEHM V, LLC
*Tyler Cafferty
9982 Glades Road, Suite G-1A
Boca Raton, Florida 33434
754-264-5315

#058 FL-Cooper City-N University
Cluck Holdings I, LLC
*Frank Hennessey
335 N University Dr
Cooper City, Florida 33024
954-399-6520

#064 FL-Longwood
HMLONGWOOD, LLC
*Matthew Armstrong
SR 434 Rangeline
Longwood, Florida
407-310-9561

FL-Miami-S. Dixie Hwy
Cluck Holdings, LLC
*Frank Hennessey
14965 S. Dixie Highway
Miami, Florida 33176
617-908-1012

FL-Plantation
Cluck Holdings I, LLC
*Frank Hennessey
Plantation, Florida
617-908-1012

FL-Sarasota-Airport
Mitchell Management of Florida, LLC
Mitchell Airport Operations, LLC
Lauren Mitchell
Sarasota Bradenton International Airport
Sarasota, Florida
402-850-5511

FL-Yulee
Birdbox Ventures, LLC
*Michael Phillips
76010 William Burgess Blvd.
Yulee, Florida 32097
231-881-3300

GEORGIA

GA-Macon
OMKAR QSR, LLC
*Mangu Patel
4617 Hartley Bridge Road
Macon, Georgia
678-522-5058

#065 GA-Saint Marys-GA Hwy 40 E
KRM Chicken, LLC
*Mieczyslaw Pawel Zmuda
6586 GA Highway 40 E, Suite B8
Saint Marys, Georgia 31558
912-424-4230

#061 GA-Statesboro
Chicken Boys, LLC
*Thomas Scarborough
141 Tormenta Way
Statesboro, Georgia 30458
912-286-0944

KENTUCKY

#066 KY-Morehead
JTS Foods, LLC
*James Tracy Stephens
450 Topside Trail
Morehead, Kentucky
606-225-1567

KY-Nicholasville
JTS Foods, LLC
*James Tracy Stephens
101 Bethel Harvest Dr.
Nicholasville, Kentucky 40356
606-225-1567

MISSISSIPPI

#063 MS-Flowood
Love Me Tenders, LLC
*Elmer (Buddy) Powell
East Pineview Dr.
Flowood, Mississippi 39232
601-249-9026

OHIO

#068 OH-Worthington
CMH HM ONE, LLC
*Ronda Hobart
53 West Wilson Bridge Road
Worthington, Ohio
614-582-9635

SOUTH CAROLINA

#059 SC-Goose Creek-St James
HB Tenders, LLC
*Philip L. Horn, Jr.
431 Staint James Ave.
Goose Creek, South Carolina 29445
843-625-3330

WEST VIRGINIA

#060 WV-Morgantown-Suncrest
H M Morgantown, LLC
*Michael Sloane
1088 Suncrest Towne Center Dr
Morgantown, West Virginia 26505
304-400-6268

LIST OF FRANCHISEES WHO LEFT THE SYSTEM

If you buy a franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No franchisees left the system in 2023.

EXHIBIT J TO FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OR HER OPINION WITH REGARD TO THEIR CONTENT OR FORM.

HUEY MAGOO'S RESTAURANTS, LLC

Balance Sheet Summary

As of March 31, 2024

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	2,443,359.47
Accounts Receivable	594,118.50
Other Current Assets	1,882,211.98
Total Current Assets	\$4,919,689.95
Fixed Assets	112,487.34
Other Assets	661,188.39
TOTAL ASSETS	\$5,693,365.68
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	241,588.48
Credit Cards	40,782.29
Other Current Liabilities	548,371.59
Total Current Liabilities	\$830,742.36
Long-Term Liabilities	4,127,691.37
Total Liabilities	\$4,958,433.73
Equity	734,931.95
TOTAL LIABILITIES AND EQUITY	\$5,693,365.68

HUEY MAGOO'S RESTAURANTS, LLC

Profit and Loss January - March, 2024

	TOTAL
Income	
4000 Royalty Fee Income	1,439,278.61
4005 Franchise Fee Income	125,530.01
4006 Development Fee Income	26,096.95
4010 National Advertising Fee Income	612,872.58
4015 Other Income/Rebates	82,088.65
Total Income	\$2,285,866.80
Cost of Goods Sold	
5000 Royalty Commission Expense	22,542.12
Total Cost of Goods Sold	\$22,542.12
GROSS PROFIT	\$2,263,324.68
Expenses	
6000 Payroll Expenses	
6005 Salaries	703,519.40
6011 Bonus	226,102.28
6013 Child Support Payments	9.40
6420 Payroll Taxes	53,396.90
6442 Payroll Processing Fees	3,601.80
6445 Med/Dental/Vision Insurance Expense	84,766.31
6450 401K Employers Match	23,807.47
8110 Cell Phones	14,091.21
8553 Life Insurance	414.33
8555 Workers Compensation Insurance	1,337.80
8570 Guaranteed Payments	164,239.87
Total 6000 Payroll Expenses	1,275,286.77
7000 Direct Operating Expenses	
7100 Uniforms	2,125.54
7250 Software Expenses	
7006 IT Support	4,275.63
7251 Purchasing Software	14,625.00
7252 Accounting Software	270.00
7253 Reimbursement Software	976.68
7254 Other Software	6,269.80
Total 7250 Software Expenses	26,417.11
7301 Phone & Internet	724.68
7302 Electric Service	438.79
7600 Office Rent	31,116.88
7602 Rent - Storage	657.17
7704 FBC QSE Visit	1,149.49
7800 R&D	1,972.35
Total 7000 Direct Operating Expenses	64,602.01

HUEY MAGOO'S RESTAURANTS, LLC

Profit and Loss January - March, 2024

	TOTAL
8000 General and Administrative	
7655 Dues and Subscriptions	3,864.95
8100 Travel	
8101 Per Diem	23,250.00
8102 Lodging	60,872.98
8103 Airfare	24,772.76
8105 Airfare and Lodging	1,118.60
8115 Gas/Mileage/Other Transportation	16,705.84
8120 Rental Cars	16,594.97
8125 Travel Meals	2,144.52
8126 Reimbursements Other	604.01
Total 8100 Travel	146,063.68
8127 Conference and Team Meetings	5,136.75
8200 Training Supplies	290.48
8300 Advertising & Marketing	0.00
8301 Printing & Graphics	5,350.45
8302 Digital Marketing	174,335.50
8303 Gifts/Swag	1,200.00
8304 Marketing Agency	30,000.00
8305 PR Agency	7,580.00
8308 Radio/TV/Magazine	600.00
8309 Video/Photoshoot	50,861.71
8312 Email Marketing	2,542.95
8313 Marketing - Other	1,139.07
8314 Discount for LSM Initiatives	56,159.34
8316 Marketing - Legal	993.00
8317 Mystery Guest	8,460.00
8318 Third Party Incentives	38,820.97
8319 Advertising/Promotional	600.00
8320 Advertising/Marketing Fees	52,033.00
8321 Direct Mail	-840.26
8330 Charitable Contributions	7,985.12
8331 Online Marketing Portal	14,166.66
Total 8300 Advertising & Marketing	451,987.51
8334 Purchasing - Product Losses	19,596.82
8510 Office Expenses	4,422.58
8511 IT Supplies	11,406.16
8512 Postage & Delivery	287.97
8513 Security	288.90
8514 Recruiting Expenses	1,129.70

HUEY MAGOO'S RESTAURANTS, LLC

Profit and Loss January - March, 2024

	TOTAL
8520 Legal & Professional Fees	
8521 Accounting/Management Consulting	19,697.08
8522 Audit & Tax	4,611.90
8524 Legal Fees	24,832.43
8525 Contract Professionals	8,056.00
Total 8520 Legal & Professional Fees	57,197.41
8550 Insurance	
8551 General Liability Insurance	-1,928.22
8552 E & O Insurance	5,206.08
8554 Cyber Insurance	2,260.38
Total 8550 Insurance	5,538.24
8560 Bank Fees	658.45
8561 Prizes/Contests & Gifts	458.93
8562 Personnel Development	1,198.00
8563 Gift Card Processing Fees	749.82
8600 Store Related Expenses	2,580.03
9050 Other Miscellaneous Expense	1,434.26
Total 8000 General and Administrative	714,290.64
Total Expenses	\$2,054,179.42
NET OPERATING INCOME	\$209,145.26
Other Income	
4020 Interest Income	8,115.28
9010 Income From Subsidiary - Lake Mary	49,945.33
9011 Income From Subsidiary - Lake Nona	-124,200.47
9015 Other Miscellaneous Income	500.00
Total Other Income	\$ -65,639.86
Other Expenses	
8800 Depreciation	4,306.14
8960 Interest Expense	4,852.32
Total Other Expenses	\$9,158.46
NET OTHER INCOME	\$ -74,798.32
NET INCOME	\$134,346.94

Consolidated Financial Statements

HUEY MAGOO'S RESTAURANTS, LLC

December 31, 2023

HUEY MAGOO'S RESTAURANTS, LLC

Consolidated Financial Statements

December 31, 2023

(With Independent Auditor's Report Thereon)

HUEY MAGOO’S RESTAURANTS, LLC

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SCHAFFER, TSCHOPP, WHITCOMB, MITCHELL & SHERIDAN, LLP

Certified Public Accountants

Michael R. Schafer, CPA
Thomas R. Tschopp, CPA
Tom V. Whitcomb, CPA

541 S. Orlando Avenue, Suite 312
Maitland, Florida 32751
(407) 875-2760

Joseph P. Mitchell, CPA
Stephen J. Sheridan, CPA
Daniel M. Hinson, CPA

Independent Auditor's Report

To the Board of Directors
Huey Magoo's Restaurants, LLC

Opinion

We have audited the accompanying consolidated financial statements of Huey Magoo's Restaurants, LLC, which comprise the consolidated balance sheets as of December 31, 2023, and the related consolidated statements of operations and member's 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 Huey Magoo's Restaurants, LLC as of December 31, 2023, 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 audit 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 Huey Magoo's Restaurants, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Huey Magoo's Restaurants, LLC'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 Responsibilities 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 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 Huey Magoo's Restaurants, LLC'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Huey Magoo's Restaurants, LLC'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.

Schaefer, Tschoff, Whittemut, Mitchell & Shuikan, LLP

Maitland, Florida
March 29, 2024

HUEY MAGOO'S RESTAURANTS, LLC

Consolidated Balance Sheet

December 31, 2023

Assets

Current assets:

Cash and cash equivalents	\$ 3,667,597
Accounts receivable	717,185
Due from franchisees	1,978
Inventory	19,103
Prepaid expenses	25,457
Due from co-op	49,199

Total current assets 4,480,519

Deposits	59,499
Property and equipment (note 3)	1,899,833
Right of use asset (note 4)	718,169

\$ 7,158,020

Liabilities and Member's Equity

Current liabilities:

Accounts payable and accrued expenses	\$ 1,222,527
Lease liability - current portion (note 5)	42,343

Total current liabilities 1,264,870

Deferred revenue	3,939,857
Deferred compensation	298,185
Lease liability, net of current portion (note 5)	688,804
Notes payable to member (note 7)	90,000

Total liabilities 6,281,716

Member's equity 876,304

Total liabilities and member's equity \$ 7,158,020

See accompanying notes to consolidated financial statements.

HUEY MAGOO'S RESTAURANTS, LLC

Consolidated Statement of Operations and Member's Equity

Year ended December 31, 2023

Revenue:	
Restaurant sales	\$ 2,052,366
Franchise income	7,581,421
Other income	192,184
Total revenue	<u>9,825,971</u>
Expenses:	
Cost of restaurant sales	847,730
Advertising	1,628,989
Professional	496,692
Wages and benefits	4,400,419
General and administrative	1,236,120
Other	114,764
Total expenses	<u>8,724,714</u>
Net income	1,101,257
Member's equity, beginning of year	<u>(224,953)</u>
Member's equity, end of year	<u>\$ 876,304</u>

See accompanying notes to consolidated financial statements.

HUEY MAGOO'S RESTAURANTS, LLC

Consolidated Statement of Cash Flows

Year Ended December 31, 2023

Cash flows from operating activities:	
Net income	\$ 1,101,257
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	71,604
Change from FASB ASC 820, net	5,231
Changes in assets and liabilities:	
Accounts receivable	(217,695)
Due from franchisee	31,341
Prepaid expenses	1,123
Inventory	2,256
Due from co-op	(49,199)
Deposits	(40,317)
Other assets	78,459
Accounts payable and accrued expenses	724,449
Deferred revenue	718,657
Net cash provided by operating activities	<u>2,427,166</u>
Cash flows from investing activities:	
Acquisition of property and equipment	<u>(1,665,421)</u>
Net cash used in investing activities	<u>(1,665,421)</u>
Net change in cash and cash equivalents	761,745
Cash and cash equivalents - Beginning of year	<u>2,905,852</u>
Cash and cash equivalents - End of year	<u><u>\$ 3,667,597</u></u>
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	<u><u>\$ 19,409</u></u>

See accompanying notes to consolidated financial statements.

HUEY MAGOO’S RESTAURANTS, LLC

Notes to Consolidated Financial Statements

December 31, 2023

(1) **Organization and Basis of Presentation**

Huey Magoo’s (The “Company”) was formed on January 5, 2015 in the State of Delaware. The Company was established for the purpose of selling franchises in Huey Magoo’s restaurants, which is a fast-casual restaurant specializing in chicken tender meals, wraps, salads and sandwiches.

Franchisee activity for the year ended December 31, 2023 was as follows:

Store count as of December 31, 2022	42
Store openings during 2023	14
Store closings during 2023	-
Store count as of December 31, 2023	<u>56</u>

Basis of Presentation

The Company’s consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

(2) **Summary of Significant Accounting Policies**

(a) **Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of Huey Magoo’s Restaurants, LLC and its wholly owned subsidiary, HMLKMARY, LLC, collectively referred to as the Company. All significant intercompany accounts and transactions have been eliminated in consolidation.

(b) **Cash and Cash Equivalents**

For the purposes of the consolidated statements of cash flows, the Company considers all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents.

Financial instruments which potentially subject the Company to concentration of credit risk consist principally of cash and short-term investments. At certain times throughout the year, cash and investments may exceed federally insured limits. The Company has not experienced any losses in such accounts. Company management believes it is not exposed to any significant credit risk on cash and temporary cash investments.

HUEY MAGOO'S RESTAURANTS, LLC

Notes to Consolidated Financial Statements

December 31, 2023

(2) **Summary of Significant Accounting Policies - Continued**

(c) **Accounts Receivable**

Accounts receivable consists primarily of franchise royalty payments receivable and other miscellaneous receivables. Receivables are stated at net realizable value. Accounts are individually analyzed for collectability. Write-offs of receivables occur when all collection efforts have been exhausted. As of December 31, 2023, an allowance was not deemed necessary.

(d) **Allowance for Doubtful Accounts**

The Company performs a specific review of account balances and applies historical collection experience to the various aging categories of receivable balances in establishing an allowance.

(e) **Inventories**

Inventories consist of food, beverages, paper goods and supplies and small wares and are stated at the lower of cost or market. Cost is determined under the first-in, first-out method.

(f) **Deferred Franchise Costs**

Deferred franchise costs represent commissions that are direct and incremental to the Company and are paid in conjunction with the sale of a franchise. These costs are recognized as an expense when the respective revenue is recognized, which is generally over the term of the related franchise agreement.

(g) **Property and Equipment**

Property and equipment are stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets of five years. Depreciation expense for the years ended December 31, 2023 was \$71,604.

(h) **Deferred Franchise Revenue**

Deferred franchise fees represent franchise fees received that have not been fully earned and will be recognized in future periods.

HUEY MAGOO'S RESTAURANTS, LLC

Notes to Consolidated Financial Statements

December 31, 2023

(2) **Summary of Significant Accounting Policies - Continued**

(i) **Income Tax Status**

Huey Magoo's Restaurants, LLC is organized as a limited liability company. As such, the partners of Huey Magoo's Restaurants, LLC include their pro rata share of the Partnership's net taxable income or loss in their respective income tax returns. Accordingly, the accompanying consolidated financial statements do not contain a provision for income taxes.

In accordance with "Income Taxes" FASB Accounting Standards Codification Topic 740 (Topic 740), all entities are required to evaluate and disclose income tax risks. Topic 740 clarifies the accounting recognition for uncertainty in tax positions and prescribes guidance related to the financial statement recognition and measurement of a tax position taken or expected to be taken in the Company's income tax returns. The tax benefit from an uncertain tax position is only recognized in the balance sheets if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Since the Company's income tax filings are subject to audit by various taxing authorities, generally for three years after they are filed.

In evaluating the Company's tax provisions and accruals, future taxable income and the reversal of temporary differences, interpretations, and tax planning strategies are considered. The Company believes their estimates are appropriate based on current facts and circumstances. There is no interest or penalties included in the statements of income and retained earnings. There are currently no pending income tax examinations by taxing authorities. As of December 31, 2023, the Company had no uncertain tax positions that qualify for recognition or disclosure in the consolidated financial statements.

(j) **Advertising Costs**

Advertising costs, including franchise sales marketing and store level advertising costs, are expensed as incurred.

Franchise sales marketing and store level advertising costs were \$1,590,855 and \$38,134, respectively, for the year ended December 31, 2023.

(k) **Revenue Recognition**

The Company generates revenue primarily through royalties, franchise fees, and advertising fund fees.

HUEY MAGOO'S RESTAURANTS, LLC

Notes to Consolidated Financial Statements

December 31, 2023

(2) **Summary of Significant Accounting Policies - Continued**

(k) **Revenue Recognition - Continued**

Royalties and Advertising Fund Revenue

The Company collects royalties, as stipulated in the franchise agreement, currently equal to 5% of gross revenues and a marketing and advertising fee currently equal to 2% of gross revenues. Royalties, including franchisee contributions to advertising funds, are calculated as a percentage of revenue over the term of the franchise agreement. The franchise agreement royalties, inclusive of advertising fund contributions, represent revenue-based royalties that are related entirely to the Company's performance obligation under the franchise agreement and are recognized as franchisee store level sales occur. Royalties are collected weekly.

Franchise Fees

The Company requires the entire non-refundable initial franchise fee to be paid upon execution of a franchise agreement, which typically has an initial term of ten years. Initial franchise fees are recognized ratably on a straight-line basis over the term of the franchise agreement. The Company's services under the franchise agreement include: training of franchisees and staff, site selection, the right to use trademarks and proprietary information, and ongoing operations support. The Company provides no financing to franchisees and offers no guarantees on their behalf. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation.

Development Fees

Franchisees have the option to develop additional locations at the time the franchisee enters into a franchise agreement for its initial location. In accordance with the development agreement the franchisor grants the franchisee development rights to a certain geographic area. The franchisee enters into a separate franchise agreement for each additional location. The Company derives benefit from the development agreement once a location is opened and represents a continuation of the performance obligation to be provided by the Company under the standard franchise agreement. The total up-front fee for the franchise agreement is recognized ratably on a straight-line basis over the term of the franchise agreement for the additional location. The fee for development agreements are recognized when the store is opened.

HUEY MAGOO'S RESTAURANTS, LLC

Notes to Consolidated Financial Statements

December 31, 2023

(2) **Summary of Significant Accounting Policies - Continued**

(l) **Use of Estimates**

The preparation of consolidated financial statements in conformity with generally accepted accounting principles 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 consolidated financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(m) **Stock-Based Compensation**

The Company accounts for stock compensation in accordance with ASC 718, Compensation – Stock Compensation, which sets forth accounting and disclosure requirements for stock-based compensation arrangements.

Topic 718, among other things, mandates fair value accounting for stock-based employee compensation arrangements. Accordingly, for all stock-based employee compensation arrangements implemented, the Company is required to measure employee stock options (and similar instruments) with a fair value method. The amount of compensation cost, if any, will be charged to operations over the vesting period.

(n) **Subsequent Events**

In preparing these consolidated financial statements, the Company has evaluated subsequent events and transactions for potential recognition and disclosure through March 29, 2024, which is the date the consolidated financial statements were available to be issued.

(3) **Property and Equipment**

Leasehold improvements	\$ 724,401
Equipment and software	898,830
Construction in progress	556,102
	<hr/>
	2,179,333
Accumulated depreciation	(279,500)
	<hr/>
	\$ 1,899,833

HUEY MAGOO'S RESTAURANTS, LLC

Notes to Consolidated Financial Statements

December 31, 2023

(4) Adoption of ASU 2021-02 Revenue from Contracts with Customer: Practical Expedient

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2021-02, Franchisors-Revenue from Contracts with Customers (Subtopic 952-606)-Practical Expedient. FASB Subtopic 952-606 creates a practical expedient allowing franchisors that are not public business entities to account for certain pre-opening services enumerated in FASB ASC 952-606-25-2 as a single performance obligation.

The Company adopted the requirements of the new guidance as of January 1, 2021, utilizing the modified retrospective method of transition upon the opening of locations. The Company also made an accounting policy election to recognize certain pre-opening services as a single performance obligation.

The primary impact of ASU 2021-02 on the Company's revenue recognition policies is a change in the accounting for initial franchising fees. Upon the initial sale of a franchise, the Company is obligated to provide franchisees services related to pre-opening activities and access to certain proprietary programs, such as written materials, trademarks, tools and support associated with their franchise business. Under Topic 606, the Company previously considered these obligations, along with the right to use intellectual property, to be a single performance obligation satisfied over time and recognized the initial franchise fees as the Company satisfied the performance obligation over the franchise term on a straight-line basis, which was ten years. The unrecognized portion of initial franchise fees were recorded as deferred franchise fees. With the adoption of ASU 2021-02, the pre-opening services are considered to be a separate single performance obligation and the Company recognizes the portion of the franchise fee related to pre-opening services when the Company has fulfilled its obligation related to pre-opening services. The modified retrospective method of transition requires the Company to disclose the effect of applying the new guidance on each item included in the 2023 financial statements.

(5) Leases

The Company has lease arrangements for certain facilities, including corporate and store space. These leases typically have original terms not exceeding 10 years and generally contain multiyear renewal options, some of which are reasonably certain of exercise. The Company's lease arrangements may contain both lease and non-lease components. The Company has elected to combine and account for lease and non-lease components as a single lease component for its leases.

HUEY MAGOO'S RESTAURANTS, LLC

Notes to Consolidated Financial Statements

December 31, 2023

(5) Leases - Continued

The following table shows ROU assets and lease liabilities, and the associated financial statement line items as of December 31, 2023:

<u>Lease-Related Assets and Liabilities</u>	
Right-of-use assets:	
Operating leases	\$ 718,169
Total right-of-use assets	<u>\$ 718,169</u>
Lease liabilities:	
Operating leases:	
Other current liabilities	42,343
Other non-current liabilities	688,804
Total lease liabilities	<u>\$ 731,147</u>

Lease liability maturities as of December 31, 2023, are as follows:

	<u>Operating Leases</u>
2024	\$ 42,343
2025	43,128
2026	43,929
2027	47,993
Thereafter	553,754
Total lease liabilities	<u>\$ 731,147</u>

(6) Revenue Disclosures

Franchising Fees, Development Fees, Royalty Fees, and Advertising Fund Revenue

The Company currently franchises its concept across 10 states. The franchise arrangement is documented in the form of a franchise agreement. The franchise arrangement requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The intellectual property subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality, and substantially all of the utility is derived from its association with the Company's past or ongoing activities.

HUEY MAGOO'S RESTAURANTS, LLC

Notes to Consolidated Financial Statements

December 31, 2023

(6) Revenue Disclosures - Continued

The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation. The transaction price in a standard franchise arrangement primarily consists of (a) initial franchise fees; (b) development fees; (c) continuing franchise fees (royalties); and (d) advertising fees. Since the Company considers the licensing of the franchising right to be a single performance obligation, no allocation of the transaction price is required.

The Company recognizes the primary components of the transaction price as follows:

- Franchise fees are recognized as revenue ratably on a straight-line basis over the term of the franchise agreement commencing with the execution of the franchise agreement. As these fees are typically received in cash at or near the beginning of the franchise term, the cash received is initially recorded as a contract liability until recognized as revenue over time;
- The total up-front fee for the development agreement is recognized when the store is opened for an additional location. These fees are typically received in advance of the beginning of the franchise term for the additional location, the cash received is initially recorded as a contract liability until recognized as revenue over time.
- The Company is entitled to royalties and advertising fees based on a percentage of the franchisee's gross revenue as defined in the franchise agreement. Royalty and advertising revenue are recognized when the franchisee's revenue occur.

Disaggregation of Revenue

The Company believes that the captions contained on the consolidated statements of operations appropriately reflect the disaggregation of its revenue by major type for the years ended December 31, 2023.

HUEY MAGOO'S RESTAURANTS, LLC

Notes to Consolidated Financial Statements

December 31, 2023

(6) **Revenue Disclosures - Continued**

Rollforward of Contract Liabilities and Contract Assets

Changes in the Company's contract liability for deferred franchise and development revenues during the year ended December 31, 2023 was as follows:

	Deferred Revenue	
	Short and Long Term	
	Franchise Fees	Development Fees
Balance at January 1, 2023	\$ 383,280	2,837,920
Recognized as revenue during the year ended December 31, 2023	(383,280)	(472,088)
Fees received and deferred during the year ended December 31, 2023	-	1,574,025
Balance at December 31, 2023	<u>\$ -</u>	<u>3,939,857</u>

Changes in the Company's contract assets for deferred franchise costs during the year ended December 31, 2023 were as follows:

	Deferred Franchise Cost	
	Short and Long Term	
Balance at January 1, 2023	\$ 39,160	
Recognized as cost of revenue during the year ended December 31, 2023	39,160	
Costs incurred and deferred during the year ended December 31, 2023	-	
Balance at December 31, 2023	<u>\$ -</u>	

(7) **Notes Payable to Member**

One member loaned the Company \$90,425 during 2017. This note is interest bearing at 5% and has no fixed date of maturity. The outstanding balance at December 31, 2023 was \$90,000.

HUEY MAGOO'S RESTAURANTS, LLC

Notes to Consolidated Financial Statements

December 31, 2023

(8) Stock Options

The Company has issued a stock option to one key employee. In 2020, the Company granted options for 1% of the shares of Company stock to that employee. The options may be exercised over 4 years at ¼% per year and expire October 31, 2024. Using the Black-Scholes-Merton option pricing model, the calculated value per share on the grant date was \$0. The shares vest ratably over two years with an exercise price of \$20,000 or \$5,000 per quarter point. The shares will be issued when exercised from a pool of reserved shares.

The total calculated value of options granted during 2023 was \$0. The amounts recognized during 2023 for vested options included \$0 of compensation expense. The significant assumptions used to determine the calculated value of options during 2017 are as follows:

Risk-free interest rate	2.00%
Expected dividend yield	-0-
Expected volatility	50.0%
Expected life in years	4

The following is an analysis of options to purchase shares of the Company's stock issued and outstanding as of December 31, 2023:

Options outstanding, beginning of year (stated as percentage of Company shares outstanding)	0.50%
Granted	0%
Exercised	0.25%
Expired	0%
Options outstanding, end of year	0.25%

Consolidated Financial Statements

HUEY MAGOO'S RESTAURANTS, LLC

December 31, 2022

HUEY MAGOO'S RESTAURANTS, LLC

Consolidated Financial Statements

December 31, 2022

(With Independent Auditor's Report Thereon)

HUEY MAGOO’S RESTAURANTS, LLC

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SCHAFFER, TSCHOPP, WHITCOMB, MITCHELL & SHERIDAN, LLP

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Independent Auditor's Report

To the Board of Directors
Huey Magoo's Restaurants, LLC

Opinion

We have audited the accompanying consolidated financial statements of Huey Magoo's Restaurants, LLC, which comprise the consolidated balance sheets as of December 31, 2022, and the related consolidated statements of operations and member's 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 Huey Magoo's Restaurants, LLC 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 audit 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 Huey Magoo's Restaurants, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Huey Magoo's Restaurants, LLC'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 Responsibilities 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 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 Huey Magoo's Restaurants, LLC'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Huey Magoo's Restaurants, LLC'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.

Schaefer, Tschoy, Whitcomb, Mitchell & Shuilen, LLP

Maitland, Florida
April 3, 2023

HUEY MAGOO'S RESTAURANTS, LLC

Consolidated Balance Sheet

December 31, 2022

Assets

Current assets:

Cash and cash equivalents	\$ 2,905,852
Accounts receivable	499,490
Due from franchisees	33,319
Inventory	21,359
Prepaid expenses	26,580

Total current assets 3,486,600

Deposits	19,182
Property and equipment (note 3)	306,016
Other assets	78,459
Right of use asset (note 4)	781,628

\$ 4,671,885

Liabilities and Member's Equity

Current liabilities:

Accounts payable and accrued expenses	\$ 498,078
Lease liability - current portion (note 5)	58,228
Deferred revenue - current portion	383,280

Total current liabilities 939,586

Deferred revenue	2,837,920
Deferred compensation	298,185
Lease liability, net of current portion (note 5)	731,147
Notes payable to member (note 7)	90,000

Total liabilities 4,896,838

Member's equity (224,953)

Total liabilities and member's equity \$ 4,671,885

See accompanying notes to consolidated financial statements.

HUEY MAGOO'S RESTAURANTS, LLC

Consolidated Statement of Operations and Member's Equity

Year ended December 31, 2022

Revenue:	
Restaurant sales	\$ 1,998,661
Franchise income	4,216,449
Other income	109,730
Total revenue	<u>6,324,840</u>
Expenses:	
Cost of restaurant sales	962,604
Advertising	779,228
Professional	414,627
Wages and benefits	3,049,457
General and administrative	976,601
Other	32,986
Total expenses	<u>6,215,503</u>
Net income	109,337
Member's equity, beginning of year, as restated (note 8)	(334,290)
Member's distributions	<u>-</u>
Member's equity, end of year	<u><u>\$ (224,953)</u></u>

See accompanying notes to consolidated financial statements.

HUEY MAGOO'S RESTAURANTS, LLC

Consolidated Statement of Cash Flows

Year Ended December 31, 2022

Cash flows from operating activities:	
Net income	\$ 109,337
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	41,766
Gain on disposal of equipment	(3,797)
Adoption of FASB ASC 820, net	(327)
Changes in assets and liabilities:	
Accounts receivable	(279,130)
Due from franchisee	15,329
Prepaid expenses	6,704
Inventory	7,834
Deposits	(13,117)
Other assets	7,366
Accounts payable and accrued expenses	146,845
Deferred revenue	537,800
Deferred compensation	(6,020)
Net cash provided by operating activities	<u>570,590</u>
Cash flows from investing activities:	
Acquisition of property and equipment	<u>(32,778)</u>
Net cash used in investing activities	<u>(32,778)</u>
Net change in cash and cash equivalents	537,812
Cash and cash equivalents - Beginning of year	<u>2,368,040</u>
Cash and cash equivalents - End of year	<u><u>\$ 2,905,852</u></u>
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	<u><u>\$ 19,710</u></u>

See accompanying notes to consolidated financial statements.

HUEY MAGOO'S RESTAURANTS, LLC

Notes to Consolidated Financial Statements

December 31, 2022

(1) Organization and Basis of Presentation

Huey Magoo's (The "Company") was formed on January 5, 2015 in the State of Delaware. The Company was established for the purpose of selling franchises in Huey Magoo's restaurants, which is a fast-casual restaurant specializing in chicken tender meals, wraps, salads and sandwiches.

Franchisee activity for the year ended December 31, 2022 was as follows:

Store count as of December 31, 2021	20
Store openings during 2022	22
Store closings during 2022	-
Store count as of December 31, 2022	<u>42</u>

Basis of Presentation

The Company's consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

(2) Summary of Significant Accounting Policies

(a) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Huey Magoo's Restaurants, LLC and its wholly owned subsidiary, HMLKMARY, LLC, collectively referred to as the Company. All significant intercompany accounts and transactions have been eliminated in consolidation.

(b) Cash and Cash Equivalents

For the purposes of the consolidated statements of cash flows, the Company considers all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents.

Financial instruments which potentially subject the Company to concentration of credit risk consist principally of cash and short-term investments. At certain times throughout the year, cash and investments may exceed federally insured limits. The Company has not experienced any losses in such accounts. Company management believes it is not exposed to any significant credit risk on cash and temporary cash investments.

HUEY MAGOO'S RESTAURANTS, LLC

Notes to Consolidated Financial Statements

December 31, 2022

(2) **Summary of Significant Accounting Policies - Continued**

(c) **Accounts Receivable**

Accounts receivable consists primarily of franchise royalty payments receivable and other miscellaneous receivables. Receivables are stated at net realizable value. Accounts are individually analyzed for collectability. Write-offs of receivables occur when all collection efforts have been exhausted. As of December 31, 2022, an allowance was not deemed necessary.

(d) **Allowance for Doubtful Accounts**

The Company performs a specific review of account balances and applies historical collection experience to the various aging categories of receivable balances in establishing an allowance.

(e) **Inventories**

Inventories consist of food, beverages, paper goods and supplies and small wares and are stated at the lower of cost or market. Cost is determined under the first-in, first-out method.

(f) **Deferred Franchise Costs**

Deferred franchise costs represent commissions that are direct and incremental to the Company and are paid in conjunction with the sale of a franchise. These costs are recognized as an expense when the respective revenue is recognized, which is generally over the term of the related franchise agreement.

(g) **Property and Equipment**

Property and equipment are stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets of five years. Depreciation expense for the years ended December 31, 2022 was \$41,766.

(h) **Deferred Franchise Revenue**

Deferred franchise fees represent franchise fees received that have not been fully earned and will be recognized in future periods.

HUEY MAGOO'S RESTAURANTS, LLC

Notes to Consolidated Financial Statements

December 31, 2022

(2) Summary of Significant Accounting Policies - Continued

(i) Income Tax Status

Huey Magoo's Restaurants, LLC is organized as a limited liability company. As such, the partners of Huey Magoo's Restaurants, LLC include their pro rata share of the Partnership's net taxable income or loss in their respective income tax returns. Accordingly, the accompanying consolidated financial statements do not contain a provision for income taxes.

In accordance with "Income Taxes" FASB Accounting Standards Codification Topic 740 (Topic 740), all entities are required to evaluate and disclose income tax risks. Topic 740 clarifies the accounting recognition for uncertainty in tax positions and prescribes guidance related to the financial statement recognition and measurement of a tax position taken or expected to be taken in the Company's income tax returns. The tax benefit from an uncertain tax position is only recognized in the balance sheets if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Since the Company's income tax filings are subject to audit by various taxing authorities, generally for three years after they are filed.

In evaluating the Company's tax provisions and accruals, future taxable income and the reversal of temporary differences, interpretations, and tax planning strategies are considered. The Company believes their estimates are appropriate based on current facts and circumstances. There is no interest or penalties included in the statements of income and retained earnings. There are currently no pending income tax examinations by taxing authorities. As of December 31, 2022, the Company had no uncertain tax positions that qualify for recognition or disclosure in the consolidated financial statements.

(j) Advertising Costs

Advertising costs, including franchise sales marketing and store level advertising costs, are expensed as incurred.

Franchise sales marketing and store level advertising costs were \$748,062 and \$31,166, respectively, for the year ended December 31, 2022.

(k) Revenue Recognition

The Company generates revenue primarily through royalties, franchise fees, and advertising fund fees.

HUEY MAGOO'S RESTAURANTS, LLC

Notes to Consolidated Financial Statements

December 31, 2022

(2) Summary of Significant Accounting Policies - Continued

(k) Revenue Recognition - Continued

Royalties and Advertising Fund Revenue

The Company collects royalties, as stipulated in the franchise agreement, currently equal to 5% of gross revenues and a marketing and advertising fee currently equal to 2% of gross revenues. Royalties, including franchisee contributions to advertising funds, are calculated as a percentage of revenue over the term of the franchise agreement. The franchise agreement royalties, inclusive of advertising fund contributions, represent revenue-based royalties that are related entirely to the Company's performance obligation under the franchise agreement and are recognized as franchisee store level sales occur. Royalties are collected weekly.

Franchise Fees

The Company requires the entire non-refundable initial franchise fee to be paid upon execution of a franchise agreement, which typically has an initial term of ten years. Initial franchise fees are recognized ratably on a straight-line basis over the term of the franchise agreement. The Company's services under the franchise agreement include: training of franchisees and staff, site selection, the right to use trademarks and proprietary information, and ongoing operations support. The Company provides no financing to franchisees and offers no guarantees on their behalf. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation.

Development Fees

Franchisees have the option to develop additional locations at the time the franchisee enters into a franchise agreement for its initial location. In accordance with the development agreement the franchisor grants the franchisee development rights to a certain geographic area. The franchisee enters into a separate franchise agreement for each additional location. The Company derives benefit from the development agreement once a location is opened and represents a continuation of the performance obligation to be provided by the Company under the standard franchise agreement. The total up-front fee for the franchise agreement is recognized ratably on a straight-line basis over the term of the franchise agreement for the additional location. The fee for development agreements are recognized when the store is opened.

HUEY MAGOO'S RESTAURANTS, LLC

Notes to Consolidated Financial Statements

December 31, 2022

(2) **Summary of Significant Accounting Policies - Continued**

(l) **Use of Estimates**

The preparation of consolidated financial statements in conformity with generally accepted accounting principles 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 consolidated financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(m) **Stock-Based Compensation**

The Company accounts for stock compensation in accordance with ASC 718, Compensation – Stock Compensation, which sets forth accounting and disclosure requirements for stock-based compensation arrangements.

Topic 718, among other things, mandates fair value accounting for stock-based employee compensation arrangements. Accordingly, for all stock-based employee compensation arrangements implemented, the Company is required to measure employee stock options (and similar instruments) with a fair value method. The amount of compensation cost, if any, will be charged to operations over the vesting period.

(n) **Subsequent Events**

In preparing these consolidated financial statements, the Company has evaluated subsequent events and transactions for potential recognition and disclosure through April 3, 2023, which is the date the consolidated financial statements were available to be issued.

(3) **Property and Equipment**

Leasehold improvements	\$ 456,675
Equipment and software	<u>57,237</u>
	513,912
Accumulated depreciation	<u>(207,896)</u>
	<u>\$ 306,016</u>

HUEY MAGOO'S RESTAURANTS, LLC

Notes to Consolidated Financial Statements

December 31, 2022

(4) Adoption of ASU 2021-02 Revenue from Contracts with Customer: Practical Expedient

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2021-02, Franchisors-Revenue from Contracts with Customers (Subtopic 952-606)-Practical Expedient. FASB Subtopic 952-606 creates a practical expedient allowing franchisors that are not public business entities to account for certain pre-opening services enumerated in FASB ASC 952-606-25-2 as a single performance obligation.

The Company adopted the requirements of the new guidance as of January 1, 2021, utilizing the modified retrospective method of transition upon the opening of locations. The Company also made an accounting policy election to recognize certain pre-opening services as a single performance obligation.

The primary impact of ASU 2021-02 on the Company's revenue recognition policies is a change in the accounting for initial franchising fees. Upon the initial sale of a franchise, the Company is obligated to provide franchisees services related to pre-opening activities and access to certain proprietary programs, such as written materials, trademarks, tools and support associated with their franchise business. Under Topic 606, the Company previously considered these obligations, along with the right to use intellectual property, to be a single performance obligation satisfied over time and recognized the initial franchise fees as the Company satisfied the performance obligation over the franchise term on a straight-line basis, which was ten years. The unrecognized portion of initial franchise fees were recorded as deferred franchise fees. With the adoption of ASU 2021-02, the pre-opening services are considered to be a separate single performance obligation and the Company recognizes the portion of the franchise fee related to pre-opening services when the Company has fulfilled its obligation related to pre-opening services. The modified retrospective method of transition requires the Company to disclose the effect of applying the new guidance on each item included in the 2022 financial statements.

(5) Leases

The Company has lease arrangements for certain facilities, including corporate and store space. These leases typically have original terms not exceeding 10 years and generally contain multiyear renewal options, some of which are reasonably certain of exercise. The Company's lease arrangements may contain both lease and non-lease components. The Company has elected to combine and account for lease and non-lease components as a single lease component for its leases.

HUEY MAGOO'S RESTAURANTS, LLC

Notes to Consolidated Financial Statements

December 31, 2022

(5) **Leases - Continued**

The following table shows ROU assets and lease liabilities, and the associated financial statement line items as of December 31, 2022:

<u>Lease-Related Assets and Liabilities</u>	
Right-of-use assets:	
Operating leases	\$ 781,628
Total right-of-use assets	<u>781,628</u>
Lease liabilities:	
Operating leases:	
Other current liabilities	58,228
Other non-current liabilities	<u>731,147</u>
Total lease liabilities	<u>\$ 789,375</u>

Lease liability maturities as of December 31, 2022, are as follows:

	<u>Operating Leases</u>
2023	\$ 58,228
2024	42,343
2025	43,128
2026	43,929
2027	47,993
Thereafter	<u>553,754</u>
Total lease liabilities	<u>\$ 789,375</u>

(6) **Revenue Disclosures**

Franchising Fees, Development Fees, Royalty Fees, and Advertising Fund Revenue

The Company currently franchises its concept across 8 states. The franchise arrangement is documented in the form of a franchise agreement. The franchise arrangement requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The intellectual property subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality, and substantially all of the utility is derived from its association with the Company's past or ongoing activities.

HUEY MAGOO'S RESTAURANTS, LLC

Notes to Consolidated Financial Statements

December 31, 2022

(6) Revenue Disclosures - Continued

The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation. The transaction price in a standard franchise arrangement primarily consists of (a) initial franchise fees; (b) development fees; (c) continuing franchise fees (royalties); and (d) advertising fees. Since the Company considers the licensing of the franchising right to be a single performance obligation, no allocation of the transaction price is required.

The Company recognizes the primary components of the transaction price as follows:

- Franchise fees are recognized as revenue ratably on a straight-line basis over the term of the franchise agreement commencing with the execution of the franchise agreement. As these fees are typically received in cash at or near the beginning of the franchise term, the cash received is initially recorded as a contract liability until recognized as revenue over time;
- The total up-front fee for the development agreement is recognized when the store is opened for an additional location. These fees are typically received in advance of the beginning of the franchise term for the additional location, the cash received is initially recorded as a contract liability until recognized as revenue over time.
- The Company is entitled to royalties and advertising fees based on a percentage of the franchisee's gross revenue as defined in the franchise agreement. Royalty and advertising revenue are recognized when the franchisee's revenue occur.

Disaggregation of Revenue

The Company believes that the captions contained on the consolidated statements of operations appropriately reflect the disaggregation of its revenue by major type for the years ended December 31, 2022.

HUEY MAGOO'S RESTAURANTS, LLC

Notes to Consolidated Financial Statements

December 31, 2022

(6) Revenue Disclosures - Continued

Rollforward of Contract Liabilities and Contract Assets

Changes in the Company's contract liability for deferred franchise and development revenues during the year ended December 31, 2022 was as follows:

	Deferred Revenue Short and Long Term	
	Franchise Fees	Development Fees
Balance at January 1, 2022	\$ 686,167	2,370,000
Recognized as revenue during the year ended December 31, 2022	(441,770)	(297,930)
Fees received and deferred during the year ended December 31, 2022	138,883	765,850
Balance at December 31, 2022	<u>\$ 383,280</u>	<u>2,837,920</u>

Rollforward of Contract Liabilities and Contract Assets - Continued

Changes in the Company's contract assets for deferred franchise costs during the year ended December 31, 2022 were as follows:

	Deferred Franchise Cost Short and Long Term
	Balance at January 1, 2022
Recognized as cost of revenue during the year ended December 31, 2022	5,496
Costs incurred and deferred during the year ended December 31, 2022	-
Balance at December 31, 2022	<u>\$ 39,160</u>

(7) Notes Payable to Member

One member loaned the Company \$90,425 during 2017. This note is interest bearing at 5% and has no fixed date of maturity. The outstanding balance at December 31, 2022 was \$90,000.

HUEY MAGOO'S RESTAURANTS, LLC

Notes to Consolidated Financial Statements

December 31, 2022

(8) **Prior Period Adjustment**

During the performance of 2022 accounting procedures, a material error was identified related to accounts payable due to the timing of when invoices for one vender were recorded. The error resulted in costs of goods sold being understated by \$62,514 for the year ended December 31, 2021. Additionally, in adopting ASU 2021-02 as discussed in the note 4, retained deferred revenue was also adjusted by \$372,767. Beginning of the year members' equity has been restated as follows:

	12/31/2021 Previously Reported	Correction And adoption Of ASU 2021-02	12/31/2021 As Restated
Consolidated Balance Sheet			
Members' equity (deficit)	\$ (644,543)	(310,253)	(334,290)
Accounts payable and accrued expenses	288,719	62,514	351,233
Deferred revenue	2,971,167	(551,807)	2,419,360
Deferred revenue - current portion	85,000	179,040	264,040

(9) **Stock Options**

The Company has issued a stock option to one key employee. In 2020, the Company granted options for 1% of the shares of Company stock to that employee. The options may be exercised over 4 years at ¼% per year and expire October 31, 2024. Using the Black-Scholes-Merton option pricing model, the calculated value per share on the grant date was \$0. The shares vest ratably over two years with an exercise price of \$20,000 or \$5,000 per quarter point. The shares will be issued when exercised from a pool of reserved shares.

The total calculated value of options granted during 2022 was \$0. The amounts recognized during 2022 for vested options included \$0 of compensation expense. The significant assumptions used to determine the calculated value of options during 2017 are as follows:

Risk-free interest rate	2.00%
Expected dividend yield	-0-
Expected volatility	50.0%
Expected life in years	4

HUEY MAGOO'S RESTAURANTS, LLC

Notes to Consolidated Financial Statements

December 31, 2022

(9) Stock Options - Continued

The following is an analysis of options to purchase shares of the Company's stock issued and outstanding as of December 31, 2022:

Options outstanding, beginning of year (stated as percentage of Company shares outstanding)	0.50%
Granted	0%
Exercised	0.25%
Expired	0%
Options outstanding, end of year	0.25%

Consolidated Financial Statements

HUEY MAGOO'S RESTAURANTS, LLC

December 31, 2021

HUEY MAGOO'S RESTAURANTS, LLC

Consolidated Financial Statements

December 31, 2021

(With Independent Auditor's Report Thereon)

HUEY MAGOO’S RESTAURANTS, LLC

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Stephen J. Sheridan, CPA
Daniel M. Hinson, CPA

Independent Auditor's Report

To the Board of Directors
Huey Magoo's Restaurants, LLC

Opinion

We have audited the accompanying consolidated financial statements of Huey Magoo's Restaurants, LLC, which comprise the consolidated balance sheet as of December 31, 2021 and the related consolidated statements of operations and member's 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 Huey Magoo's Restaurants, LLC as of December 31, 2021 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 Huey Magoo's Restaurants, LLC 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Huey Magoo's Restaurants, LLC'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 Responsibilities 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 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 Huey Magoo's Restaurants, LLC'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 Huey Magoo's Restaurants, LLC'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.

Schaefer, Tschopp, Whitcomb, Mitchell & Shuiken, LLP

Maitland, Florida
April 13, 2022

HUEY MAGOO'S RESTAURANTS, LLC

Consolidated Balance Sheets

December 31, 2021

Assets

Current assets:

Cash and cash equivalents	\$ 2,368,040
Accounts receivable	220,360
Due from franchisees	48,648
Inventory	13,525
Prepaid expenses	33,284

Total current assets 2,683,857

Deposits	6,065
Property and equipment (note 3)	318,801
Other assets	85,825

\$ 3,094,548

Liabilities and Member's Equity

Current liabilities:

Accounts payable and accrued expenses	\$ 288,719
Paycheck protection program loan (note 6)	-
Deferred revenue - current portion	85,000

Total current liabilities 373,719

Deferred revenue	2,971,167
Deferred compensation	304,205
Notes payable to member (note 5)	90,000
Paycheck protection program loan (note 6)	-

Total liabilities 3,739,091

Member's equity (644,543)

Total liabilities and member's equity \$ 3,094,548

See accompanying notes to consolidated financial statements.

HUEY MAGOO'S RESTAURANTS, LLC

Consolidated Statements of Operations and Member's Equity

Year ended December 31, 2021

Revenue:	
Restaurant sales	\$ 1,757,063
Royalties	1,866,075
Other income	<u>215,048</u>
Total revenue	<u>3,838,186</u>
Expenses:	
Cost of restaurant sales	815,384
Advertising	391,124
Professional	392,647
Wages and benefits	1,699,999
General and administrative	502,105
Other	<u>33,698</u>
Total expenses	<u>3,834,957</u>
Net income (loss)	3,229
Member's equity, beginning of year	(636,522)
Member's distributions	<u>(11,250)</u>
Member's equity, end of year	<u><u>\$ (644,543)</u></u>

See accompanying notes to consolidated financial statements.

HUEY MAGOO'S RESTAURANTS, LLC

Consolidated Statements of Cash Flows

Year Ended December 31, 2021

Cash flows from operating activities:	
Net income (loss)	\$ 3,229
Adjustments to reconcile net income (loss) to net cash used in operating activities:	
Depreciation and amortization	37,830
Forgiveness of PPP loans	(151,100)
Changes in assets and liabilities:	
Accounts receivable	(91,433)
Due from franchisee	(31,733)
Prepaid expenses	(3,189)
Inventory	(4,873)
Deposits	(2,430)
Other assets	(35,673)
Accounts payable and accrued expenses	53,309
Deferred revenue	1,628,679
Deferred compensation	<u>(240,795)</u>
Net cash provided by operating activities	<u>1,161,821</u>
Cash flows from investing activities:	
Acquisition of property and equipment	<u>(12,229)</u>
Net cash used in investing activities	<u>(12,229)</u>
Cash flows from financing activities:	
Proceeds from paycheck protection program loans	-
Payments on notes payable to member	-
Distributions	<u>(11,250)</u>
Net cash provided by (used in) financing activities	<u>(11,250)</u>
Net change in cash and cash equivalents	1,138,342
Cash and cash equivalents - Beginning of year	<u>1,229,698</u>
Cash and cash equivalents - End of year	<u><u>\$ 2,368,040</u></u>
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	<u><u>\$ 29,893</u></u>

See accompanying notes to consolidated financial statements.

HUEY MAGOO’S RESTAURANTS, LLC

Notes to Consolidated Financial Statements

December 31, 2021

(1) Organization and Basis of Presentation

Huey Magoo’s (The “Company”) was formed on January 5, 2015 in the State of Delaware. The Company was established for the purpose of selling franchises in Huey Magoo’s restaurants, which is a fast-casual restaurant specializing in chicken tender meals, wraps, salads and sandwiches.

Franchisee activity for the year ended December 31, 2021 was as follows:

Store count as of December 31, 2020	16
Store openings during 2021	4
Store closings during 2021	-
Store count as of December 31, 2021	<u>20</u>

Basis of Presentation

The Company’s consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

(2) Summary of Significant Accounting Policies

(a) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Huey Magoo’s Restaurants, LLC and its wholly owned subsidiary, HMLKMARY, LLC, collectively referred to as the Company. All significant intercompany accounts and transactions have been eliminated in consolidation.

(b) Cash and Cash Equivalents

For the purposes of the consolidated statements of cash flows, the Company considers all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents.

HUEY MAGOO'S RESTAURANTS, LLC

Notes to Consolidated Financial Statements

December 31, 2021

(2) **Summary of Significant Accounting Policies - Continued**

(b) **Cash and Cash Equivalents - Continued**

Financial instruments which potentially subject the Company to concentration of credit risk consist principally of cash and short-term investments. At certain times throughout the year, cash and investments may exceed federally insured limits. The Company has not experienced any losses in such accounts. Company management believes it is not exposed to any significant credit risk on cash and temporary cash investments.

(c) **Accounts Receivable**

Accounts receivable consists primarily of franchise royalty payments receivable and other miscellaneous receivables. Receivables are stated at net realizable value. Accounts are individually analyzed for collectability. Write-offs of receivables occur when all collection efforts have been exhausted. As of December 31, 2021, an allowance was not deemed necessary.

(d) **Allowance for Doubtful Accounts**

The Company performs a specific review of account balances and applies historical collection experience to the various aging categories of receivable balances in establishing an allowance.

(e) **Inventories**

Inventories consist of food, beverages, paper goods and supplies and small wares and are stated at the lower of cost or market. Cost is determined under the first-in, first-out method.

(f) **Deferred Franchise Costs**

Deferred franchise costs represent commissions that are direct and incremental to the Company and are paid in conjunction with the sale of a franchise. These costs are recognized as an expense when the respective revenue is recognized, which is generally over the term of the related franchise agreement.

HUEY MAGOO'S RESTAURANTS, LLC

Notes to Consolidated Financial Statements

December 31, 2021

(2) **Summary of Significant Accounting Policies - Continued**

(g) **Property and Equipment**

Property and equipment are stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets of five years. Depreciation expense for the year ended December 31, 2021 was \$37,830.

(h) **Deferred Franchise Revenue**

Deferred franchise fees represent franchise fees received that have not been fully earned and will be recognized in future periods.

(i) **Income Tax Status**

Huey Magoo's Restaurants, LLC is organized as a limited liability company. As such, the partners of Huey Magoo's Restaurants, LLC include their pro rata share of the Partnership's net taxable income or loss in their respective income tax returns. Accordingly, the accompanying consolidated financial statements do not contain a provision for income taxes.

In accordance with "Income Taxes" FASB Accounting Standards Codification Topic 740 (Topic 740), all entities are required to evaluate and disclose income tax risks. Topic 740 clarifies the accounting recognition for uncertainty in tax positions and prescribes guidance related to the financial statement recognition and measurement of a tax position taken or expected to be taken in the Company's income tax returns. The tax benefit from an uncertain tax position is only recognized in the balance sheets if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Since the Company's income tax filings are subject to audit by various taxing authorities, generally for three years after they are filed.

HUEY MAGOO'S RESTAURANTS, LLC

Notes to Consolidated Financial Statements

December 31, 2021

(2) Summary of Significant Accounting Policies - Continued

(i) Income Tax Status - Continued

In evaluating the Company's tax provisions and accruals, future taxable income and the reversal of temporary differences, interpretations, and tax planning strategies are considered. The Company believes their estimates are appropriate based on current facts and circumstances. There is no interest or penalties included in the statements of income and retained earnings. There are currently no pending income tax examinations by taxing authorities. As of December 31, 2021, the Company had no uncertain tax positions that qualify for recognition or disclosure in the consolidated financial statements.

(j) Advertising Costs

Advertising costs, including franchise sales marketing and store level advertising costs, are expensed as incurred.

Franchise sales marketing and store level advertising costs were \$358,800 and \$32,323 for the year ended December 31, 2021.

(k) Revenue Recognition

The Company generates revenue primarily through royalties, franchise fees, and advertising fund fees.

Royalties and Advertising Fund Revenue

The Company collects royalties, as stipulated in the franchise agreement, currently equal to 5% of gross revenues and a marketing and advertising fee currently equal to 2% of gross revenues. Royalties, including franchisee contributions to advertising funds, are calculated as a percentage of revenue over the term of the franchise agreement. The franchise agreement royalties, inclusive of advertising fund contributions, represent revenue-based royalties that are related entirely to the Company's performance obligation under the franchise agreement and are recognized as franchisee store level sales occur. Royalties are collected weekly.

HUEY MAGOO'S RESTAURANTS, LLC

Notes to Consolidated Financial Statements

December 31, 2021

(2) Summary of Significant Accounting Policies - Continued

(k) Revenue Recognition - Continued

Franchise Fees

The Company requires the entire non-refundable initial franchise fee to be paid upon execution of a franchise agreement, which typically has an initial term of ten years. Initial franchise fees are recognized ratably on a straight-line basis over the term of the franchise agreement. The Company's services under the franchise agreement include: training of franchisees and staff, site selection, the right to use trademarks and proprietary information, and ongoing operations support. The Company provides no financing to franchisees and offers no guarantees on their behalf. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation.

Development Fees

Franchisees have the option to develop additional locations at the time the franchisee enters into a franchise agreement for its initial location. In accordance with the development agreement the franchisor grants the franchisee development rights to a certain geographic area. The franchisee enters into a separate franchise agreement for each additional location. The Company derives benefit from the development agreement once a location is opened and represents a continuation of the performance obligation to be provided by the Company under the standard franchise agreement. The total up-front fee for the franchise agreement and development agreement are recognized ratably on a straight-line basis over the term of the franchise agreement for the additional location.

(l) Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles 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 consolidated financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

HUEY MAGOO'S RESTAURANTS, LLC

Notes to Consolidated Financial Statements

December 31, 2021

(2) **Summary of Significant Accounting Policies - Continued**

(m) **Stock-Based Compensation**

The Company accounts for stock compensation in accordance with ASC 718, Compensation – Stock Compensation, which sets forth accounting and disclosure requirements for stock-based compensation arrangements.

Topic 718, among other things, mandates fair value accounting for stock-based employee compensation arrangements. Accordingly, for all stock-based employee compensation arrangements implemented, the Company is required to measure employee stock options (and similar instruments) with a fair value method. The amount of compensation cost, if any, will be charged to operations over the vesting period.

(n) **Subsequent Events**

In preparing these consolidated financial statements, the Company has evaluated subsequent events and transactions for potential recognition and disclosure through April 13, 2022, which is the date the consolidated financial statements were available to be issued.

(3) **Property and Equipment**

	<u>2021</u>
Leasehold improvements	\$ 444,254
Equipment and software	44,817
	<u>489,071</u>
Accumulated depreciation	<u>(170,270)</u>
	<u>\$ 318,801</u>

HUEY MAGOO'S RESTAURANTS, LLC

Notes to Consolidated Financial Statements

December 31, 2021

(4) Revenue Disclosures

Franchising Fees, Development Fees, Royalty Fees, and Advertising Fund Revenue

The Company currently franchises its concept across 3 states. The franchise arrangement is documented in the form of a franchise agreement. The franchise arrangement requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The intellectual property subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality, and substantially all of the utility is derived from its association with the Company's past or ongoing activities.

The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation. The transaction price in a standard franchise arrangement primarily consists of (a) initial franchise fees; (b) development fees; (c) continuing franchise fees (royalties); and (d) advertising fees. Since the Company considers the licensing of the franchising right to be a single performance obligation, no allocation of the transaction price is required.

The Company recognizes the primary components of the transaction price as follows:

- Franchise fees are recognized as revenue ratably on a straight-line basis over the term of the franchise agreement commencing with the execution of the franchise agreement. As these fees are typically received in cash at or near the beginning of the franchise term, the cash received is initially recorded as a contract liability until recognized as revenue over time.
- The total up-front fee for the development agreement is recognized ratably on a straight-line basis over the term of the franchise agreement for an additional location. These fees are typically received in advance of the beginning of the franchise term for the additional location, the cash received is initially recorded as a contract liability until recognized as revenue over time.

HUEY MAGOO'S RESTAURANTS, LLC

Notes to Consolidated Financial Statements

December 31, 2021

(4) Revenue Disclosures - Continued

Franchising Fees, Development Fees, Royalty Fees, and Advertising Fund Revenue - Continued

- The Company is entitled to royalties and advertising fees based on a percentage of the franchisee's gross revenue as defined in the franchise agreement. Royalty and advertising revenue are recognized when the franchisee's revenue occur.

Disaggregation of Revenue

The Company believes that the captions contained on the consolidated statements of operations appropriately reflect the disaggregation of its revenue by major type for the year ended December 31, 2021.

Rollforward of Contract Liabilities and Contract Assets

Changes in the Company's contract liability for deferred franchise and development revenues during the year ended December 31, 2021 was as follows:

	Deferred Revenue	
	Short and Long Term	
	Franchise	Development
	Fees	Fees
Balance at January 1, 2021	\$ 517,488	910,000
Recognized as revenue during the year ended December 31, 2021	(76,321)	-
Fees received and deferred during the year ended December 31, 2021	245,000	1,460,000
Balance at December 31, 2021	<u>\$ 686,167</u>	<u>2,370,000</u>

HUEY MAGOO'S RESTAURANTS, LLC

Notes to Consolidated Financial Statements

December 31, 2021

(4) **Revenue Disclosures - Continued**

Rollforward of Contract Liabilities and Contract Assets - Continued

Changes in the Company's contract assets for deferred franchise costs during the year ended December 31, 2021 were as follows:

	Deferred Franchise Cost Short and Long Term
Balance at January 1, 2021	\$ 50,152
Recognized as cost of revenue during the year ended December 31, 2021	5,496
Costs incurred and deferred during the year ended December 31, 2021	-
Balance at December 31, 2021	<u>\$ 44,656</u>

(5) **Notes Payable to Member**

One member loaned the Company \$90,425 during 2017. This note is interest bearing at 5% and has no fixed date of maturity. The outstanding balance at December 31, 2021 was \$90,000.

(6) **Paycheck Protection Program (PPP) Loan**

In May 2020 the Company applied for and received loans in the amounts of \$73,100 and \$78,000 for Hughey Magoo's and HMLKMARY, LLC, respectively, pursuant to the Paycheck Protection Program (PPP) established by the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act to provide relief in connection with the coronavirus pandemic. The note bears interest at 1% and is subject to a payment deferral period of six months. However, the note and related interest are subject to forgiveness when the proceeds of the loan are used to fund payroll and other allowable expenses as defined by the PPP. As of December 31, 2021, qualifying expenditures have been incurred. The Company received formal forgiveness on the loans in July 2021 and has recognized the proceeds as other income for the year ended December 31, 2021.

HUEY MAGOO'S RESTAURANTS, LLC

Notes to Consolidated Financial Statements

December 31, 2021

(7) Stock Options

The Company has issued a stock option to one key employee. In 2020, the Company granted options for 1% of the shares of Company stock to that employee. The options may be exercised over 4 years at ¼% per year and expire October 31, 2024. Using the Black-Scholes-Merton option pricing model, the calculated value per share on the grant date was \$0. The shares vest ratably over two years with an exercise price of \$20,000 or \$5,000 per quarter point. The shares will be issued when exercised from a pool of reserved shares.

The total calculated value of options granted during 2021 was \$0. The amounts recognized during 2021 for vested options included \$0 of compensation expense. The significant assumptions used to determine the calculated value of options during 2017 are as follows:

Risk-free interest rate	2.00%
Expected dividend yield	-0-
Expected volatility	50.0%
Expected life in years	4

The following is an analysis of options to purchase shares of the Company's stock issued and outstanding as of December 31, 2021.

	<u>2021</u>
Options outstanding, beginning of year (stated as percentage of Company shares outstanding)	0.75%
Granted	0%
Exercised	0.25%
Expired	0%
Options outstanding, end of year	0.50%

HUEY MAGOO'S RESTAURANTS, LLC

Notes to Consolidated Financial Statements

December 31, 2021

(8) **Commitment**

The Company has entered into a lease agreement for the Lake Mary store. Future minimum payments under this lease are as follows:

2022	\$ 62,340
2023	66,340
2024	66,340
2025	66,340
2026	66,340
Thereafter	687,140

The Company has entered into a lease agreement for their corporate headquarters. Future minimum payments under this lease are as follows:

2022	\$ 21,827
2023	14,840

(9) **Coronavirus Pandemic**

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the United States have declared a state of emergency. It is anticipated that the effects of the pandemic will continue for some time. With respect to the Company's operations, future potential impacts may include disruptions or restrictions on our employees' ability to work or on our customer's ability to pay. Changes to the operating environment may increase operating costs. Additional effects may include the ability of customers and vendors to continue making purchases as a result of job loss, overall economic slowdown or other pandemic related issues. The ultimate outcome of these matters on the Company cannot be determined at this time.

EXHIBIT K TO FRANCHISE DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF OPERATIONS MANUAL



OPERATIONS MANUAL TABLE OF CONTENTS

CHAPTER 1: WELCOME TO THE NEIGHBORHOOD TABLE

9 PAGES

- Our Menu
- Introduction to your Operations Manual
- Our Story: Matt/Thad to Andy/Mike
- OUR MISSION
 - CRAFT IT – CRAVE IT – RAVE IT
- OUR VISION
- OUR PROMISE
- Guest Service Model
 - F.I.R.S.T. Focus on every guest as they are your only Guest.

CHAPTER 2: THE HUEY MAGOO'S TEAM

155 PAGES

- Recruitment and Onboarding
 - Onboarding
 - Onboarding Expectations
 - Onboarding Checklists
 - Uniform Standards
- Interview Guide
- Recruiting the Right Team
- Roles and Responsibilities
 - BOH Production Team
 - FOH Production Team
 - Team Trainer
 - BOH Shift Lead
 - FOH Shift lead
 - Assistant Manager
 - Assistant General Manager
 - General Manager

CHAPTER 3: A CULTURE OF CLEANLINESS

164 PAGES

- Handling Chemicals
- Sanitizing Properly
- Utilizing Checklist for Consistent Cleaning
- Wash, Rinse, and Sanitizer – Guide to Proper Dish Washing

CHAPTER 4: APPROVED EQUIPMENT AND MAINTENANCE

835 PAGES

- Vendor List
- Equipment and Smallwares List
 - Essential Smallwares
 - Training Smallwares
 - Drive-Thru and Pick-up Window Smallwares
- Equipment Manuals
- Product and Equipment Request form

CHAPTER 5: PROVIDE A SAFE WORK ENVIRONMENT

31 PAGES

- Preparing for Emergency Situation
- Safety Best Practices
- Security
- STATE FOOD SAFETY PLATFORM (BEING COMPLETED)

CHAPTER 6: CRAFTING QUALITY

298 PAGES

- All Things Chicken
- Fresh Fries and Hand Spun Chips
- Oil Management
- Prep Recipes and Ingredients
- Protect Everyone from Cross Contamination
- QB1 & QB2 Station Guide
- Quick Guides for Training
- ROLLOUTS – UPCOMING OR IN TEST
 - SSW- Salads, Sandwiches, and Wraps
 - Toast – Buns – Wraps

CHAPTER 7: CATERING – DELIVERING SMILES

77 PAGES

- Welcome to Catering
- Catering Menu
- Catering Recipes
- Catering Platforms – 3rd Party Delivery
- Catering Manual Order Form



CHAPTER 8: PROVIDING A POSITIVE LONG-LASTING SERVICE	131 PAGES
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- Allergy
- Drive-Thru and Pick-up Window
- Front of House
- Putting it all Together
- Tattle Platform – Guest Service Platform
- What can I get Started for you Today
- Nutritional Calculator

CHAPTER 9: RULE THE ROOST (A MANAGER GUIDE)	183 PAGES
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- Hour of Operations
- Cash Management
- Manager Communication and Documentation
- Ordering and COG's
- Prepping Par
- Profit and loss – blank form
- Scheduling and Labor
- Top5 and Tender Counts

CHAPTER 10: TECHNOLOGY MOVING FORWARD	143 PAGES
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- QU – QU Pos Manual
- QU – Single Sheets for easy use
- Notify APP Reporting
- How to Provide a guest a Refund
- EI – Reporting and Documentations

CHAPTER 11: MARKETING WITH AN IMPACT	43 PAGES
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- Magoo Gives Back
- Local Store Marketing
- Huey Magoo's Reputation Management

CHAPTER 12: QUALITY / SERVICE / CLEANLINESS	6 PAGES
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- QSC

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CHAPTER 13: NRO – NEW RESTAURANT OPENINGS

81 PAGES

- NRO- Opening Process
- NRO – Labor Management – 1 per \$1000
- Opening Punch Lists
- NRO Training
- Ordering
- VIP

TOTAL PAGES: 1962

EXHIBIT L TO HUEY MAGOO'S FRANCHISE DISCLOSURE DOCUMENT

GENERAL RELEASE



GENERAL RELEASE

_____ (“you” or “your”), for and in consideration of the consent of Huey Magoo’s Restaurants, LLC, a Delaware limited liability company (“we,” “us” or “our”) to: (check one):

the signing by you and us of a Successor Huey Magoo’s Franchise Agreement and related successor documents granting you the right to continue to operate the Huey Magoo’s Franchise (the “Restaurant”) that was granted to you by us pursuant to that certain Huey Magoo’s Franchise Agreement dated _____ (the “Franchise Agreement”).

your sale of the assets comprising the Huey Magoo’s Franchise to an approved transferee and the transferee’s signing our then current form of Huey Magoo’s Franchise Agreement with us.

the signing by you and us of a Termination Agreement of the Huey Magoo’s Franchise Agreement dated _____ (the “Franchise Agreement”).

do release and forever discharge, and by this document for you and your personal representatives and your heirs, release and forever discharge us, our subsidiaries and affiliates, and their respective officers, directors, shareholders, managers, members, partners, employees, servants, representatives and agents, in their corporate and individual capacities, including:

- (a) claims arising under the Huey Magoo’s Franchise Agreement and any other agreement between you and us or our subsidiaries or affiliates,
- (b) claims under federal, state and local laws, rules and ordinances: and
- (c) claims of and from any and all manner of action and actions, cause and causes of action, suits, debts, dues, sums of money, accounts, contracts, controversies, agreements, claims and demands whatsoever, in law or in equity

that you, your personal representatives or heirs, have had, nor have or which you, your heirs, personal representatives hereinafter can, will or may have, for, upon or by reason of any matter, cause or thing whatsoever, from the beginning of the world to the date of this Release (collectively “Claims”).

This Release extends and applies to and also covers and includes all unknown, unforeseen, or unanticipated and unsuspected injuries, damages, loss or liability, and the consequences therefrom as well as those now disclosed and known to exist. The provisions of any federal, state or local law or statute, providing in substance that releases will not extend to claims, demands,

injuries or damages, loss or liability, which are unknown or unsuspected to exist at the time, to the persons signing the releases, are expressly waived.

This Release expressly excludes claims arising from representations in our Franchise Disclosure Document or its Exhibits. In addition, this release does not act as a release of any liability incurred under applicable state franchise laws including Indiana Code Sec. 23-2-2.7, the Maryland Franchise Registration and Disclosure Law and the Washington Franchise Investment Protection Act, RCW 19.100 and the rules adopted thereunder are excluded from this release, provided the laws jurisdictional limits are satisfied, and that all rights enjoyed by RELEASOR under said Franchise Agreement and any causes of action arising in his, her or its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law, Section 687.4 and 687.5 be satisfied. If RELEASOR is domiciled or has his or her principal place of business in the State of California, then RELEASOR hereby expressly waives and relinquishes all rights and benefits under Section 1542 of the California Civil Code, which provides: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY." .

You represent and warrant to us that you have not assigned or otherwise transferred any of the Claims or any portion of the Claims. This Release extends and applies to, and also covers any and all persons from whom we may be deliberately liable.

You will not represent yourself, directly or indirectly, as our employee, officer, agent, or representative to any person, corporation, partnership or any other entity.

[Signature page follows.]

WITNESS MY HAND AND SEAL on _____.

YOU OR YOUR (FRANCHISEE):

Individual Signature

or

(Entity)(Print Name of Entity)

By: _____

Print Name: _____

Title: _____

EXHIBIT M TO FRANCHISE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES PAGE

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, 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:

State	Effective Date
California	Pending
Hawaii	Not Effective
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

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 N TO HUEY MAGOO'S FRANCHISE DISCLOSURE DOCUMENT

RECEIPT

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully.

If Huey Magoo's Restaurants, LLC offers you a Franchise, we must provide this Franchise Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale or grant.

New York and Rhode Island require that we give you this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the Franchise Agreement or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this Franchise Disclosure Document at least 10 business days before the execution of any binding Franchise Agreement or other agreement or the payment of any consideration, whichever occurs first.

If Huey Magoo's Restaurants, LLC does not deliver this Franchise 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, D.C. 20580 and the state agency listed on Exhibit B.

The franchisor is Huey Magoo's Restaurants, LLC, located at 6220 Hazeltine National Drive, Suite 110, Orlando, Florida. Its telephone number is (844) 468-4667.

The issuance date of this Franchise Disclosure Document is April 30, 2024 (amended May 9, 2024).

The franchise seller for this offering is Andrew Howard, Stephanie Petersen, Mark Lindquist Huey Magoo's Restaurants, LLC, at 6220 Hazeltine National Drive, Suite 110, Orlando, Florida and (844) 468-4667.

The name and address of the franchisor's registered agent authorized to receive service of process is listed in Exhibit B.

I received this Franchise Disclosure Document dated April 30, 2024 (amended May 9, 2024), that included the following Exhibits:

A – State Addenda to Franchise Disclosure Document	H – Dr Pepper Form of Franchisee Participation Agreement
B – List of State Administrators and Agents for Service of Process	I – List of Franchisees
C – Franchise Agreement	J – Financial Statements
D – Development Agreement	K – Table of Contents of Operations Manual
E – Electronic Transfer of Funds Authorization	L – General Release
F – Trainee Waiver & Indemnification Agreement and Trainee Confidentiality Agreement	M – State Effective Dates Page
G – Coca-Cola form of Participating Franchisee Agreement	N – Receipts

PROSPECTIVE FRANCHISEE:

Sign _____

Dated: _____

Print _____

PLEASE KEEP THIS RECEIPT FOR YOUR RECORDS

RECEIPT

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G – Coca-Cola form of Participating Franchisee Agreement	N – Receipts

PROSPECTIVE FRANCHISEE:

Sign _____

Dated: _____

Print _____

You may return the signed receipt either by signing, dating, and mailing it to Huey Magoo's Restaurants, LLC at 6220 Hazeltine National Drive, Suite 110, Orlando, Florida or by electronically executing, dating, and returning it through the electronic signature platform that we require.