FRANCHISE DISCLOSURE DOCUMENT

HOOTS FRANCHISING, LLC
A Delaware limited liability company
1815 The Exchange
Atlanta, Georgia 30339
770-951-2040
franchisinghoots@hooters.com
www.hootsfranchise.com

The franchisee will operate a hoots wings® Restaurant that in a fast food/fast casual format offers a limited menu featuring chicken wings and other food and beverage offerings (which may include limited alcoholic beverages) we designate or approve.

The total investment necessary to begin operation of a single hoots wings® Restaurant is **$414,500** to **$1,132,000**. This includes $35,500 to $40,000 that must be paid to us or our affiliate.

The total initial investment necessary under the Development Agreement for the purchase of 2 to 3 hoots wings® Restaurants is **$429,500** to **$1,162,000**. This includes $50,500 to $70,000 that must be paid to us or our 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 governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Hoots Franchising, LLC's Franchise Department at 1815 The Exchange, Atlanta, Georgia 30339, and 770-951-2040.

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 ("FTC"). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 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 24, 2023

How to Use This Franchise Disclosure Document

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

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 E.
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 F 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 hoots wings® Restaurant 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 hoots wings® Restaurant franchisee?	Item 20 or Exhibit E 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 you franchise business or may harm your franchise business.

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Georgia. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Georgia than in your own state.

2. **Spousal Liability**. Your spouse will be required to sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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.

NOTICE REQUIRED BY THE

STATE OF MICHIGAN

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.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that the franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its terms except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type or under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

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

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

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

The fact 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 Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

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

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EXHIBITS:

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor

The franchisor is Hoots Franchising, LLC. This Disclosure Document will refer to Hoots Franchising, LLC as "**we**," "**us**," "**our**," or the "**Company**," We refer to the person or entity that buys a franchise from us as "**you**" or "**your**." Each Principal Owner (as defined in Item 15) must sign a Personal Guaranty (attached as Exhibit E to the Franchise Agreement), which means that all provisions of the Franchise Agreement (Exhibit B) also will apply to them.

We are a Delaware limited liability company organized on June 25, 2018. Our principal business address is 1815 The Exchange, Atlanta, Georgia 30339. Our agent for service of process in Georgia is CT Corporation System, 289 Culver St., Lawrenceville, GA 30046. Our agents for service of process in other states are found on Exhibit G.

We do business under our company name, the name "Hoots" or "Hoots Franchising" and the name "Hoots." We offer, sell and grant franchises for hoots wings® Restaurants. We or our affiliates may own or operate hoots wings® Restaurants. We and our affiliates may sell products, inventory equipment, supplies and services to hoots wings® Restaurant franchisees and our company owned hoots wings® Restaurant locations. We have not offered franchises in any other line of business. Except as described above, we have no other business activities.

Our affiliates have offered franchises for Hooters® Restaurants, and those activities are described later in this Item 1. Also, HI Limited Partnership, a Florida limited partnership ("**HILP**") (an affiliate of ours described below), has agreed to allow Hooters, Inc., which operates Hooters® Restaurants pursuant to a license agreement to develop and operate "Hoots" branded restaurants in certain areas of Illinois, New York, Nevada and Florida under the terms of the License Agreement, which are different from the terms offered to franchisees under this Disclosure Document. These "hoots" branded restaurants operated by Hooters, Inc. (the "**Licensed HI Hoots**") are helping us to develop our hoots wings® Restaurants business model and feature or may feature designs, trademark and service mark variations, and offer menus, that are somewhat different from the franchised hoots wings® Restaurants offered by us under this FDD. Currently, the Licensed HI Hoots are not treated as franchised due to the nature of the relationship established under that license agreement.

We have worked and are working cooperatively with Hooters Inc. to use the Licensed HI Hoots to enable us to, along with our company owned hoots wings® Restaurants, create the prototype and business model for the franchised hoots wings® Restaurants offered under this FDD.

We have offered franchises for hoots wings® Restaurants since July 2020. We do not operate any hoots wings® Restaurants; however, our affiliate, Hoots wings® Restaurant Holder, LLC, has operated them since February 2019. As of the date of this Disclosure Document, Hoots wings® Restaurant Holder, LLC operates 2 hoots wings® Restaurants in the Atlanta, Georgia area. In addition, Hooters, Inc. operates 3 hoots wings® Restaurants in the Chicago, Illinois area. Over time, the Licensed HI Hoots may or may not operate in a more or less consistent manner as our company owned and franchised hoots wings® Restaurants.

Hooters, Inc. has not and does not offer franchises for Licensed HI Hoots wings® Restaurants. We and our affiliates do not operate any Licensed HI Hoots. In Item 20 tables of this Disclosure Document, we include the Licensed HI Hoots with the data for franchised hoots wings® Restaurants.

Our Parents

Hawk Parent, LLC ("**Hawk Parent**"), a Delaware limited liability company, is our ultimate parent company. We are an indirect subsidiary of the following entities that exercise control over the policies and direction of the franchised system:

- HOA Restaurant Group, LLC ("**HOA Restaurant Group**"), a Delaware limited liability company
- Hooters of America, LLC ("**HOA**"), a Georgia limited liability company
- HOA Holdco, LLC ("**HOA Holdco**"), a Delaware limited liability company
- HOA Systems, LLC ("**HOA Systems**"), a Delaware limited liability company.

Each of these entities share our principal business address.

Our Predecessors

We do not have any predecessors.

Affiliates That Provide Services to hoots wings® Franchisees

We are an affiliate of Hooters of America, LLC ("**HOA**"), a Georgia limited liability company, which also is a direct wholly owned subsidiary of HOA Funding. Its principal address is 1815 The Exchange, Atlanta Georgia 30339. HOA has entered into a management agreement with us to provide the required support and services to our franchisees under our Hoots® franchise agreements and Development Agreements. HOA also acts as our franchise sales agent and assists us with the operation of the Hoots® franchise system. Much, if not all duties of the franchisor under the Franchise Agreement are or may be delegated to HOA. We will pay management fees to HOA for these services. If HOA fails to perform its obligations under its management agreement, then HOA may be replaced as manager. However, as the franchisor, we are responsible and accountable to Hoots® franchisees to make sure that all services we promise to perform under the franchise agreements or Development Agreements for Hoots® Restaurants are performed in compliance with those agreements, regardless of who performs those services on our behalf.

Our affiliate, HOA Gift Cards, LLC ("**HOA Gift Cards**"), is a Florida limited liability company formed on September 29, 2020, with its principal place of business the same as ours. HOA Gift Cards serves as a gift card issuing and processing provider for company-owned and franchised hoots wings® Restaurants, as well as company-owned and franchised restaurants of our affiliates.

Our affiliate, Hoots System Fund, LLC, a Delaware limited liability company ("**Hoots SFLLC**") was formed on April 27, 2021, and its address is the same as ours. Hoots SFLLC operates as our designee for administering our System Fund, described in Item 11.

Our affiliate, HILP, owns all of the trademarks and intellectual property for the operation of hoots wings® Restaurants. In February 2019, HILP entered into an IP License Agreement with us authorizing us to use and sublicense the use in the operation of hoots wings® Restaurants all of HILP's applicable trademarks, service marks and intellectual property for the System.

Except as described above, none of our other affiliates directly or indirectly offer services to our hoots wings® Restaurant franchisees.

Our Affiliates Who Offer Franchises

Our affiliates HOA Franchising, LLC ("**HOA Franchising**") and HOA Systems, LLC ("**HOA Systems**") (collectively "**Hooters Franchisors**") franchise casual dining restaurants ("**Hooters® Restaurants**") that offer chicken wings, seafood and burgers, together with beer, wine, and liquor and other food and beverage offerings and merchandise under the "HOOTERS®" trademark and featuring the "Hooters® Girls". Other than HOA Franchising's offer of Hooters® Restaurant franchises, our affiliates do not offer franchises in this or any other line of business. Hooters Franchisors share our principal business address.

HOA Systems provides management services for HOA Franchising to engage in the offering and support of Hooters® Restaurants, as well as support of company-owned Hooters® Restaurants which are owned and operated by affiliates of Hooters® Franchisors. HOA Systems provides us with management services to enable us to franchise and provide support for the hoots wings® Restaurants.

Hooters Franchisors' affiliates also operate virtual sales platforms on third party delivery services using the trademarks or service marks "Hootie's Bait and Tackle" and "Hootie's Chicken Tenders". We do not currently use the "Hootie's Bait and Tackle", "Hootie's Chicken Tenders" or similar marks or practice for hoots wings® Restaurants, but we may do so in the future. The Hootie's Burger Bar® virtual concept has operated since January 2019, and Hooters Franchisor expanded it to the full company owned system in April 2019 using third- party delivery services such as Door Dash, Uber Eats and Grub Hub. The Hootie's Bait and Tackle and Hootie's Chicken Tenders virtual concepts have operated since July 2020 and January 2021, and Hooters Franchisor expanded each to the full company owned system in April 2021 using third-party delivery services such as Door Dash, Uber Eats and Grub Hub.

Hooters Franchisors and their predecessors began franchising Hooters® Restaurants in January 1986 and, as of the date of this Disclosure Document, their Hooters® franchisees operated 104 Hooters® Restaurants in the United States and 66 Hooters® Restaurants internationally. As of the date of this Disclosure Document, Hooters Franchisors' affiliates operated 197 company-owned Hooters® Restaurants in the United States and none internationally. Other than HOA Franchising's offer of Hooters® Restaurant franchises and our offer of hoots® Restaurant franchises, our predecessors and affiliates do not offer franchises in this or any other line of business.

The Business You Will Conduct

Individual hoots wings® Restaurants

Individual hoots wings® Restaurants are fast food/fast casual style restaurants that offer and sell via dine-in, catering, take-out and delivery a limited menu of chicken wings and other foods and beverages we may designate or approve from time to time, which might include beer, wine and liquor.

hoots wings® Restaurants are not Hooters® Restaurants offered by our affiliate: hoots wings® Restaurants do not feature the "Hooters® Girls" and do not feature all of the same products or services offered by Hooters® Restaurants. As explained below, hoots wings® Restaurants are typically 1,400 square feet to 1,800 square feet, designed for quick dine-in and take-out service, while Hooters® Restaurants are typically much larger, at 3,000 to 10,000 square feet, designed for full dine-in service. Unlike Hooters® Restaurants, hoots wings® Restaurants generally do not offer a full bar except in certain circumstances based on unique market conditions. hoots wings® Restaurants do not sell Hooters®-branded merchandise and do not participate in certain promotional programs such as the Hooters® pageant, Hooters® calendar, and Hooters® advertising on NASCAR® car wraps.

hoots wings® Restaurants offer and sell only products, services and accessories we designate or approve for hoots wings® Restaurants (the "**Products and Services**"). hoots wings® Restaurants use our System, Copyrights and Marks, which differ from or may differ from in various ways from those of Hooters® Restaurants. Most Hooters® menu offerings are not available at hoots wings® Restaurants; instead, they offer a variety of menu items only available at hoots wings® Restaurants.

We grant franchises for hoots wings® Restaurants by entering into a separate franchise agreement (a "**Franchise Agreement**") for the establishment and operation of each hoots wings® Restaurant. A copy of the form of Franchise Agreement is attached to this Disclosure Document as Exhibit A.

Each hoots wings® Restaurant operates from a specified location that we designate and approve (the "**Site**"). Our recommended typical Site for a new hoots wings® Restaurant currently ranges from approximately 1,400 square feet to 1,800 square feet with seating from 12 to 50 persons. The typical desired location is in in a shopping center or strip mall with parking in front of the Site. Some may be located in enclosed malls, airports or other similar enclosed or non-traditional facilities and may have a footprint that is modified to conform to those needs.

Our "**System**", which your hoots wings® Restaurants must use and follow, is comprised of our Confidential Information, distinctive business formats, methods, procedures, rules, suggested practices, guidance, designs, layouts, signs, recipes, ingredients, product and service mix, standards, specifications, and System Standards, all of which we may improve, further develop or otherwise modify from time-to-time. Our "**System Standards**" are our mandatory rules, requirements for the development and operation of hoots wings® Restaurants. Our Manuals and our System Standards define and describe the System and will address use of our Confidential Information, Marks and Copyrights, specifics of the layout of hoots wings® Restaurants, types of Products or Services offered, amount of inventory carried and various other aspects of the development, operation, transfer or closure of hoots wings® Restaurants. We many change, alter or amend the System at any time in our sole discretion.

Our "**Marks**" are comprised of certain trademarks, service marks and other commercial symbols in the operation of hoots wings® Restaurants (including the primary mark being the "Hoots®" word and design mark, and other marks being "Hoots on the Fly", "Hoots wings®", "Hoots Wings™" "Hoots wings® and other Things" and other associated logos, tag lines, designs, symbols and trade dress, we designate or approve). The current Marks have gained and continue to gain public acceptance and goodwill. We in our sole discretion may at any time license, create or designate new Marks and change, alter, amend, substitute or discontinue any of the Marks. The Marks currently do not include certain Hooters® marks, such as the owl logo and word mark, among other marks exclusively used by Hooters® Restaurants.

You must use the Marks and System in the manner we designate and follow all Systems Standards for the development and operation of your hoots wings® Restaurant.

Multiple hoots wings® Restaurants – Development Agreement

We may, in our sole discretion, offer you the opportunity to enter into a Development Agreement ("**Development Agreement**"), under which you will develop and open a predetermined number of hoots wings® Restaurants according to a schedule (the "**Development Schedule**") within a specific geographic territory (the "**Development Area**"). A copy of our form of Development Agreement is attached to this Disclosure Document as Exhibit B. The Franchise Agreement for the first hoots wings® Restaurant that you develop under the Development Agreement will be in the form attached as Exhibit A to this Disclosure Document. For each additional hoots wings® Restaurant that you develop under the Development Agreement, you must sign our then-current form of Franchise Agreement by the deadline stated in the Development Schedule. This form of the Franchise Agreement may be different from the form of Franchise Agreement included in this Disclosure Document. If you do not sign a Development Agreement, you will have no rights to develop or operate more than one hoots wings® Restaurant, unless you sign additional Franchise Agreements. If you fail to meet the Development Schedule, we can terminate the Development Agreement and your rights under it or, at our option, eliminate or terminate protections to your Development Area.

Competition and Market

You will operate the hoots wings® Restaurant as a fast-casual restaurant, offering dine-in, take-out and delivery, and you also must offer beer, wine and other alcoholic beverages if we require and if available based on the zoning of your Site. The market for these services is mature and well-developed. The market has greatly increased in recent years.

The fast-casual restaurant business is very competitive and is likely to become more competitive as dining habits and discretionary income change. You will compete with other restaurants and stores that offer the same type of products you do, including restaurants that specialize in one or more of the products that you will offer, like chicken wings, chicken tenders, salads, burgers, and seafood. You also will compete with restaurants that are not fast-casual, with restaurants operated as "ghost kitchens", and with grocery store chains that offer take-out or delivery of catered food. You will compete with independent and franchise restaurant chains, "ghost kitchens", catering services and delivery services that offer wings, chicken items and other similar menu items, as well as different menu items. These competitors may be connected with national or regional chains, or they may be local businesses. You also may compete with Hooters® Restaurants. You also will compete with outlets that offer products different from those you will offer. Additional

market development, including development by franchised and non-franchised competitors, should be expected.

Regulatory Matters

The restaurant, alcoholic beverage, and food preparation industry are heavily regulated. Many laws that apply to business generally have applicability to restaurants, especially restaurants that offer bar service. These laws include federal, state, and local statutes and regulations that govern health permits, inspections, and approvals by state, county, or municipal health departments, and other bodies that regulate food and liquor service.

Various federal, state and local agencies and jurisdictions have enacted laws, rules, regulations and ordinances that may apply to the operation of your hoots wings® Restaurant, including (without limitation) those that (a) regulate zoning and land use; (b) establish general standards, specifications and requirements for the construction, design and maintenance of the hoots wings® Restaurant premises; (c) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for hoots wings® Restaurants; employee practices concerning wage and hours, employee rights, the storage, handling, cooking and preparation of food; restrictions on smoking; and availability of and requirements for public accommodations, including restrooms; (d) set standards pertaining to employee health and safety; (e) set standards and requirements for fire safety and general emergency preparedness; (f) control the operation of delivery vehicles; (g) regulate the proper use, storage and disposal of waste, grease, and other hazardous materials; (h) nutrition labeling laws governing display of nutritional information and limiting the use of trans-fats in preparation of food prepared or served on-premises as well as laws and regulations limiting types of single use plastics; (i) customer, employee and others and financial and personal data privacy protection; (j) anti-texting, anti-spam, unsolicited email marketing and similar laws, rules and regulations. The U.S. federal government and the governments of some states are enacting laws that may significantly increase the costs of doing business and discourage commerce generally.

We currently do not, but we may require that each hoots wings® Restaurant offer a limited bar, if permitted under applicable law. We may grant an exception to enable a hoots wings® Restaurant to not offer a limited bar, but only where we deem the particular proposed Site warrants this exception. We have no contractual obligation to offer this exception. Otherwise, if a liquor license is available to you in your jurisdiction, we may require you to have a liquor license before you open the hoots wings® Restaurant. State laws may require you to apply for and obtain a liquor license before you can offer or sell alcoholic beverages. The difficulty and cost of obtaining a liquor license, and the procedures for securing the license, vary greatly from jurisdiction to jurisdiction. There also are wide variations in laws that govern the sale of alcoholic beverages. In addition, state “dram shop” laws give rise to potential liability for injuries that are directly or indirectly related to the sale and consumption of alcohol.

The U.S. Food and Drug Administration, the U.S. Department of Agriculture, and state and local health departments administer and enforce laws that govern restaurant sanitation, and food preparation and service. State and local agencies inspect restaurants to ensure that restaurant operators comply with these laws.

The federal Clean Air Act and various state laws impose air quality standards. These standards include limits on emissions of ozone, carbon monoxide, and other gases, and particulate matter, including emissions from commercial food preparation. Some state and local governments have also adopted, or are considering, laws that regulate indoor air quality, including laws that ban the smoking of tobacco products in public places like restaurants.

Your hoots wings® Restaurant must meet applicable building codes and handicap access codes. The Americans With Disabilities Act will apply to your Site, and to certain aspects of your social media. The Telephone Consumer Protection Act and similar laws will govern how you can engage in solicited and unsolicited email and text marketing.

We do not assume any responsibility for advising you on these regulatory or legal matters. We strongly recommend that you retain your own legal counsel to assist you with understanding and complying with applicable laws, rules, ordinances and regulations before you decide to purchase a hoots wings® Restaurant. Compliance with these laws and regulations, as they may be amended from time to time, can increase your operational costs and affect your bottom line.

ITEM 2

BUSINESS EXPERIENCE

Unless otherwise specified, the location of all positions of the individuals in this Item 2 is or has been Atlanta, Georgia.

President, Manager and Chief Executive Officer: Sal Melilli

Mr. Melilli has served as our Chief Executive Officer since September 2020, served as our Chief Operations Officer and Executive Vice President from June 2019 to September 2020, and served as our President since April 2020. Mr. Melilli has served as HOA's Chief Executive officer since September 2020, served as HOA's Chief Operations Officer from October 2018 to September 2020 and served as HOA's Executive Vice President from October 2018 to April 2020. From June 2018 to October 2018, Mr. Melilli served as HOA's Chief Strategy Officer. Mr. Melilli was Chief Operating Officer for Hooters, Inc. in Clearwater, Florida from November 2006 to June 2018.

Chief Operations Officer: Larry Linen

Mr. Linen has served as our and HOA Franchising's Chief Operations Officer since September 2020 and served as our and HOA Franchising's Senior Vice President – Global Operations from June 2019 to September 2020. Mr. Linen served as HOA's Vice President – Global Franchise Operations from February 2017 to June 2019.

Chief Procurement Officer: Kevin Vandiver

Mr. Vandiver has been the Chief Procurement Officer of us, HOA Franchising and HOA since September 2019. Before this, he served as HOA's Vice President of Supply Chain from January 1, 2014 to September 2019.

Chief Marketing Officer: Bruce Skala

Mr. Skala has served as our and HOA Franchising's Chief Marketing Officer in Atlanta, Georgia since June 2022. From February 2020 to June 2022, he served as our and HOA Franchising's Senior Vice President Marketing. From May 2013 through January 2020, he served as HOA Franchising's Vice-President of Marketing. Mr. Skala serves in his present capacities in Atlanta, Georgia.

Chief Information Officer: Jeff Caplan

Mr. Caplan has served as our and HOA Franchising's Chief Information Officer since April 2022. From 2014 to present, Mr. Caplan is a co-owner and a board member with SEI Atlanta, in Atlanta, GA, an employee-owned management consulting firm.

Chief Financial Officer: Kim Payne

Ms. Payne has served as our Chief Financial Officer since April 2023. From 2007 though 2019, she served as the Chief Financial Officer of RentPath, now known as Rent (and formerly known as PRIMEDIA). Ms. Payne serves in her present capacities in Atlanta, Georgia.

Chief Development Officer: Michael Arrowsmith

Mr. Arrowsmith has served as our and HOA Franchising's Chief Development Officer since July 2022. Mr. Arrowsmith served as Chief Development Officer for Pinch A Penny: Pool, Patio, Spa in Clearwater, Florida from September 2018 to November 2021 and as Chief Development Officer for Captain D's Seafood in Nashville, Tennessee from March 2013 to March 2018.

Chief Legal Officer: Alisa Pittman Cleek

Ms. Cleek has served as our and HOA Franchising's Chief Legal Officer since August 2022. From October 2015 to August 2022, she was a Partner with the law firm Taylor English Duma LLP. Ms. Cleek serves in her present capacities in Atlanta, Georgia.

Senior Vice President Strategic Planning and Off Premise: Marc Butler

Mr. Butler has served as our and HOA Franchising's Senior Vice President Strategic Planning and Off Premise since June 2019. During the period September 2016 to present, Mr. Butler served as HOA's Senior Vice President, Marketing & Product Development.

Chief People Officer: Cheryl Kish

Ms. Kish has served as our and HOA Franchising's Chief People Officer since June 2022. From October 2019 until June 2022, Ms. Kish served as our and HOA Franchising's Senior Vice President Organizational Effectiveness and Development. From June of 2017 until the present Ms. Kish has acted as Founder and President of Define Consulting, LLC in Atlanta, Georgia.

Senior Manager of Learning and Development: Rebecca Moore

Ms. Moore has served as our and HOA Franchising's Senior Manager of Learning and Development since April 2021. From April 2019 to April 2021, she served as New Store Opening Specialist. From May 2007 to April 2019, she served as a Hooters Girl, Hourly Manager and Trainer for Hooters of Merritt Island, Florida.

Senior Franchise Business Director: James Marr

Mr. Marr has served as our Senior Franchise Business Director since June 2019. Mr. Marr has served as HOA's Senior Franchise Business Director since January 2015 and is located in Readfield, Maine.

Franchise Business Director: Greg Smith

Mr. Smith has served as our Franchise Business Director since June 2019. Mr. Smith has served as HOA's Franchise Business Director since February 2019 and is located in League City, Texas. From February 2018 until February 2019, Mr. Smith was an Operations Director with Dave and Busters in Houston, Texas and Richmond, Virginia.

Director of Real Estate: Bret White

Mr. White has served as our and HOA Franchising's Director of Real Estate since October 2021. Mr. White served as a Regional Manager at Covington Flooring from July 2018 to September 2021 in Atlanta, GA. From November 2009 to June 2018, Mr. White served as a commercial real estate broker at CBRE, Multi Housing Advisors and Foundry Commercial in Atlanta, GA.

ITEM 3

LITIGATION

A. PENDING LITIGATION

Us: None.

Our Affiliates: None.

B. PENDING ARBITRATION

Us: None.

Our Affiliates: None.

C. CONCLUDED LITIGATION: OTHER LITIGATION

Us: None.

Our Affiliates:

HOA Franchising, LLC and HI Limited Partnership HOA IP GP, LLC v. Speckter, LLC, f/k/a Tyler NV, LLC, Speckter SV, LLC, f/k/a Tyler Spring Valley, LLC, Kim L. Tyler, Preston Carter Rise, and Philip Cornett, USDC, Northern District of Georgia (Atlanta Division), Civil Action No. 1:22-cv-04886-VMC, filed December 9, 2022.

Plaintiffs sued Defendants Speckter, LLC, Speckter SV, LLC, Kim L. Tyler, Preston Carter Rise, and Philip Cornett ("Defendants") asserting claims for breach of the franchise agreement and related agreements, trademark infringement and unfair competition, and also seeking injunctive relief and damages, after Defendants closed their Hooters restaurant before the end of the franchise term, and re-opened as a competing concept. After the lawsuit was filed, the franchisee paid HOA $181,725, representing the liquidated damages due on account of the franchisee's default and HOA's termination of the franchise agreement. The parties then entered into a settlement agreement effective February 5, 2023, wherein certain Defendants agreed to, in exchange for a dismissal of the lawsuit and a mutual release of claims: (a) pay HOA $55,000.00 (which was in addition to the $181,725 in liquidated damages); and (b) comply with the post-termination non-compete obligations in the franchise agreement, as modified by agreement. In accordance with the settlement agreement, HOA filed a joint stipulation to dismiss the lawsuit on February 22, 2023 which the court granted on March 8, 2023, with the court retaining jurisdiction to enforce the settlement terms.

Hoot Owl Restaurants, LLC v. Hooters of America, LLC, HOA Systems, LLC, HOA Franchising, LLC, Apple Gate Enterprises, LLC, Marie Azir and Joseph Azir, Civil Action Number L-304-16, Superior Court of New Jersey, Law Division: Somerset County filed September 10, 2015 and amended April 5, 2016.

Hoot Owl Restaurants, LLC ("**Hoot Owl**") is a franchisee operating Hooters® restaurants in New Jersey and other locations. Apple Gate Enterprises, LLC (Apple Gate Enterprises and its principals Marie Azir and Joseph Azir are collectively referred to herein as "**Apple Gate**") is a franchisee that is operating a Hooters® restaurant in Somerset, New Jersey pursuant to a development agreement entered into in July 2015. Hoot Owl contended that it was the exclusive developer of Hooters® restaurants in the state of New Jersey and that HOA breached its option agreement with Hoot Owl by entering into a development agreement with Apple Gate. HOA contended that Hoot Owl's option agreement for New Jersey (and elsewhere) expired by its terms in 2012 and that HOA, therefore, was free to enter into new development agreements with others for Hooters® restaurants in New Jersey. Among other things, Hoot Owl alleged breach of contract, breach of the New Jersey Franchise Practices Act, breach of oral agreement, promissory estoppel and detrimental reliance, breach of the implied covenant of good faith and fair dealing, fraud, and violation of the New Jersey Antitrust Act. In January 2016, HOA filed an answer denying liability and asserting affirmative defenses. In April 2016, Hoot Owl filed an amended complaint adding claims that HOA interfered with Hoot Owl's contract with the franchisees' Collaborative Purchasing Organization ("**CPO**"), that the CPO violated the New Jersey Antitrust Act, and that HOA improperly refused to license certain point-of-sale software to Hoot Owl. On September 1, 2017, the parties entered into a settlement agreement. Among other things, the settlement agreement confirmed that Hoot Owl's prior option rights expired and that Hoot Owl had no exclusive territorial rights to prevent Apple Gate from establishing Hooters® restaurants in the prior territory. The parties entered into a new, limited development agreement.

Hooters of America, LLC, etc., et al. v. Hoot Owl Restaurants, LLC, etc., et al.; USDC, Northern District of Georgia (Atlanta Division) Civil Action No. 1:16-cv-01825-SCJ filed June 6, 2016.

On May 25, 2016, HOA discovered that Hoot Owl abandoned its Rehoboth Beach, Delaware restaurant. HOA also concluded that Hoot Owl had abandoned its Warwick, Rhode Island restaurant, which had been closed since March 2015 due to storm damage. In June 2016, HOA filed a complaint seeking a declaratory judgment regarding HOA's right to terminate the franchise agreement for all of Hoot Owl's restaurants based on the abandonments. HOA's complaint alleged breach of contract and violations of the Lanham Act. On August 4, 2016, Hoot Owl abandoned a third restaurant in Paramus, New Jersey, and HOA filed an amended complaint on September 9, 2016, relating to the Paramus abandonment and added claims for breach of guaranty against Hoot Owl's investors, Phillip Moran, William Hysinger and Gary Givens. Hoot Owl moved to dismiss HOA's Amended Complaint arguing that the Georgia court should abstain from exercising jurisdiction in deference to the separate pending litigation in New Jersey. In February 2017, the federal court in Georgia denied Hoot Owl's motion to dismiss but ordered HOA to replead its Amended Complaint to correct technical deficiencies. On February 21, 2017, HOA filed its Second Amended Complaint. On September 1, 2017, the parties entered into a settlement agreement. Among other things, the settlement agreement provided for a new form franchise agreement and amendments to the existing franchise agreement to reflect remodeling deadlines for Hoot Owl's locations including Warwick. Further, the amendments to the franchise agreement provided relocation requirements for Rehoboth Beach and Paramus (the two closed locations) and payment of approximately $126,752 from Hoot Owl to HOA, which represents imputed continuing royalty fees for the two closed locations.

Hooters of America, LLC v. Owl's Eyes, Inc. and George Heinlein, Civil Action Number 13-1-01783-99, Superior Court of Cobb County, Georgia, filed February 27, 2013.

Owl's Eyes, Inc. ("**Owl's Eyes**") was a Hooters franchisee of multiple restaurants in Georgia, North Carolina, South Carolina and Florida. Mr. Heinlein was an owner of Owl's Eyes and personally guaranteed its obligations to HOA. Following numerous demands by HOA, HOA terminated the franchise agreement for Owl's Eyes on August 21, 2010, for its repeated failure to pay its financial obligations under the franchise agreement. In an attempt to allow Owl's Eyes to maintain its restaurants and meet its payment obligations to HOA, HOA permitted Owl's Eyes to operate the restaurants pursuant to a series of limited license agreements which expired by their terms in April 2011. On September 14, 2011, several entities that were wholly owned by Owl's Eyes filed the lawsuit referenced in the "Concluded Litigation" section below. HOA filed the instant lawsuit for breach of contract, breach of promissory notes, and breach of guaranty, to pursue its claims against Owl's Eyes and the guarantor, Mr. Heinlein. The parties filed cross motions for summary judgment which were denied in October 2014. On October 7, 2015, the court entered a default judgment against Owl's Eyes for liability, and HOA plans to move forward with proving damages in court. HOA dismissed its claims against guarantor Mr. Heinlein in February 2018 and the Court granted the dismissal on March 7, 2018.

Owl's Eyes of Asheville, LLC, Owl's Eyes of Kitty Hawk, LLC, Owl's Eyes of Ocala, LLC, and Owl's Eyes of Gainesville, LLC v. Hooters of America, LLC, Civil Action Number 11-1-8857-34, Superior Court of Cobb County, Georgia, filed September 14, 2011.

Owl's Eyes, Inc. ("**Owl's Eyes**") was a Hooters franchisee. Owl's Eyes of Asheville, LLC, Owl's Eyes of Kitty Hawk, LLC, Owl's Eyes of Ocala, LLC, and Owl's Eyes of Gainesville, LLC (**"Owl's Eyes Plaintiffs**") claimed that they were affiliates of Owl's Eyes, and that they operated four of Owl's Eyes' restaurants. Owl's Eyes' franchise agreement terminated as a result of Owl's Eyes' multiple material defaults. The Owl's Eyes Plaintiffs alleged that: (i) HOA wrongfully terminated the franchise agreement as to the four restaurants; (ii) HOA did not provide the Plaintiffs with notice of Owl's Eyes' defaults and an opportunity to cure; (iii) HOA did not properly account for the payment of continuing royalty fees and other amounts owed; and (iv) HOA breached the implied covenant of good faith and fair dealing. The Owl's Eyes Plaintiffs sought $8.4 million in damages. HOA filed a motion for summary judgment in January 2014, which was denied in October 2014. On March 20, 2014, although HOA disputes liability, the parties reached a settlement whereby HOA paid Owl's Eyes' a total of $190,000.00 to avoid the costs and uncertainty of trial. This case was dismissed on March 7, 2018. HOA's counterclaims are referenced in the above case.

Hooters of America, LLC and HI Limited Partnership v. Lags Enterprises, Inc., Country Bumpkins, Inc. and Hooters, Inc., Civil Action Number 8-14-CV-1071-T-27TGW, United States District Court for the Middle District of Florida, Tampa Division filed May 5, 2014.

Lags Enterprises, Inc. and Country Bumpkins, Inc. (the "**Lags Defendants**") were former licensees of 17 Hooters® restaurants. When their principal owner died in March 2014, the license agreements terminated. Rather than entering into new franchise agreements, the Lags Defendants contended that 15% of their ownership had been acquired by Hooters, Inc., and as a result. they were permitted to operate under Hooters, Inc.'s license agreement. The defendants relied on language in a 1999 Settlement Agreement, as amended, between HOA and Hooters, Inc. that permits Hooters, Inc. to acquire ownership in franchisees and licensees under limited circumstances and after following certain pre-requisites. HOA contended that the defendants failed to follow the pre-requisites, that the transaction exceeded the number of permissible restaurants to be acquired, and that the Lags Defendants license agreements terminated and, therefore, could not be acquired or extended. HOA's complaint was for trademark infringement and related claims and was amended on May 30, 2014 and again on September 8, 2014. The parties settled the lawsuit and the case was dismissed in May 2015. The Lags Defendants entered into new franchise agreements with HOA Franchising for all of their restaurants.

In Re Cornett Hospitality, LLC, Case No. 12-36693 (Eastern District of Virginia filed November 26. 2012) and Adversary Proceeding No. 13-03017.

An affiliate of former franchisee, Happy Owl Operations Corporation of Richmond #1, Inc. ("**Happy Owl**"), filed a petition for bankruptcy that included eight Hooters® restaurants in Virginia, West Virginia and Pennsylvania. HOA had previously terminated the franchise agreements and all operating rights for Happy Owl and HOA filed a Complaint and Motion for Temporary Restraining Order and Preliminary Injunction to prevent Happy Owl from continuing to operate as Hooters® restaurants. HOA's motion for preliminary injunction was granted on March 15, 2013. Subsequently, on July 17, 2013, Cornett Hospitality, LLC filed Adversary Proceeding No. 13-03122, alleging that a payment of $142,000 for past due franchise royalties allegedly made by Cornett Hospitality, LLC to HOA on August 12, 2012 should be considered a fraudulent conveyance and that Debtor did not receive fair value for the payment. HOA and the Bankruptcy

Trustee for Cornett Hospitality, LLC entered into a Settlement Agreement on March 20, 2014, under which HOA agreed to pay $2,000 to the Trustee to resolve all claims.

Hooters of America, Inc. v. JADA Franquicias Internacionales LTDA, Wilkadner Andres Alvarez Murillo, Diego Henao Dueñas, Juan Manuel Triana Leal, and Andres Felipe Hernandez Puyo, International Centre for Dispute Resolution, Case No. 011900028486, filed on September 9, 2019.

The International Centre for Dispute Resolution received the Notice of Arbitration on September 10, 2019, which marks the date of commencement. JADA Franquicias Internacionales LTDA ("**JADA**") is a franchisee that has operated multiple Hooters franchised restaurants in the country of Colombia pursuant to the parties' written Franchise Agreement. Messrs. Murillo, Dueñas, Leal and Puyo are the principal owners of JADA and the guarantors of JADA's monetary and non-monetary obligations pursuant to a Guaranty Agreement. HOA initiated this arbitration for (i) breach of contract for the ongoing failure to pay monthly royalties and franchise charges, (ii) breach of contract for the unauthorized abandonment of a franchised restaurant location, (iii) breach of contract for the failure to pay monthly installments pursuant to the parties' promissory note, and (iv) breach of contract for failure to comply with post-termination obligations pursuant to the franchise agreement. HOA sought monetary relief for the past-due royalties, liquidated damages, and acceleration of the promissory note entered into by JADA and Guarantors Murillo, Dueñas and Puyo in December 2018. Guarantors Murillo, Dueñas and Puyo agreed to compensate HOA for any unpaid amounts due and owing to HOA under the parties' promissory note and franchise agreement. JADA has not made any counterclaims. On April 8 2021, the parties signed a Settlement Agreement under which: JADA agrees to pay HOA a settlement payment in the amount of $235,000; the settlement payment will be secured by a promissory note that will be payable in 48 equal monthly installments with interest, beginning on October 1, 2021 and with the last payment being made on September 30, 2025; in order to compensate HOA for its legal fees to date in enforcing its rights under the franchise agreement, JADA also agreed to pay HOA a second settlement payment in the amount of $55,245.53; the second settlement payment will also be secured by a promissory note that will be payable in 36 equal monthly installments with interest, beginning on April 1, 2023 and with the last payment being made on March 31, 2026; the franchise agreement will be reinstated as long as JADA meets all of its obligations under the settlement agreement; HOA will dismiss the arbitration within 10 days of receiving the fully executed Settlement Agreement from JADA.

HOA Systems, LLC v. Francorp, S.R.L., Werner Julian Guth Borda and Dennis Edwin Guth Borda, International Center for Dispute Resolution, Case No. 011900041646, filed on November 25, 2019

Francorp, S.R.L. ("**Francorp**") is a franchisee that has operated multiple Hooters franchised restaurants in Bogota, Colombia pursuant to the parties' written Franchise Agreements. Werner Julian Guth Borda and Dennis Edwin Guth Borda are the principal owners of Francorp and the guarantors of Francorp's monetary and non-monetary obligations pursuant to a Guaranty Agreement. HOA initiated this arbitration for (i) breach of contract for the ongoing failure to pay monthly royalties and franchise charges, (ii) breach of contract for the unauthorized abandonment of a franchised restaurant location, and (iii) breach of contract for failure to comply with post-termination obligations pursuant to the franchise agreement. HOA sought monetary relief for the past-due royalties and liquidated damages. None of the Respondents made any counterclaims. On December 18, 2022, the arbitrator entered a Final Award granting HOA $337,554.60 in monetary damages, and $7,634 in arbitration costs and permanently enjoined Respondents from

using any of the Hooter's marks or system. On February 16, 2023, the arbitrator entered an Order granting all of the relief that HOA requested, thereby ending the arbitration.

Other than these actions, no litigation must be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy must be disclosed in this Item.

ITEM 5

INITIAL FEES

Individual hoots wings® Restaurant – Franchise Agreement

Initial Franchise Fee

When you sign the Franchise Agreement, you must pay us a "**Franchise Fee**". For each individual hoots wings® Restaurant the Franchise Fee is $30,000. You must pay the entire Franchise Fee in a lump sum when you sign the Franchise Agreement for your hoots wings® Restaurant.

Initial Training Expenses

Before you open your hoots wings® Restaurant, you must reimburse us the expenses we incur for trainers whose costs we describe in Item 11 ("**Training Expenses**"). These Training Expenses range from $8,500 to $10,000 for a single hoots wings® Restaurant, depending on the number of trainers we provide in our sole discretion, the trainers' experience, how far the trainers must travel, and other factors. The Training Expenses are due within 5 days of our invoice to you and are non-refundable when paid. In general, we will invoice you 30 days before the date you open the hoots wings® Restaurant in compliance with your Franchise Agreement ("**Opening Date**"), or, for any training between that time and your Opening Date, we will invoice you 30 days before your Opening Date.

Multiple hoots wings® Restaurants – Development Agreement

The initial franchisee fees under the Development Agreement Program varies based on your configuration of your Development Schedule and how many hoots wings® Restaurants you develop during the initial investment period. To participate, you must sign our form of Development Agreement attached as Exhibit B. When you sign the Development Agreement, you must pay to us the "**Development Fee**" of $30,000 for the first hoots wings® Restaurant plus $15,000 multiplied by the number of hoots wings® Restaurants under your Development Schedule. The Development Fee is due in lump sum and is nonrefundable when paid.

Military Veteran Incentive Program

We offer qualified honorably discharged members of our military a 10% discount on the Initial Franchise Fee for your first hoots wings® Restaurant.

Other Fee Information

Except as described in this Item 5 above, there are no other fees required to be paid or purchases required to be made from us or our affiliates before your beginning operations of your hoots wings® Restaurant.

There are no initial fee requirements to feature Hootie's virtual concepts menu items for delivery from your hoots wings® Restaurant.

In the prior fiscal year, we did not receive any initial franchise fees from hoots wings® franchisees.

ITEM 6

OTHER FEES

Type of Fee (Note 1)	Amount	Due Date	Remarks
Continuing Royalty Fee (Notes 2)	5% of Gross Sales	Due on the "**Payment Day**" we designate for the "**Payment Period**" we designate. Currently the Payment Day is the 10th day after the last day of each Payment Period. Currently, each payment period is a 4-week accounting period.	Continuing Royalty Fees are due from the date you open your hoots wings® Restaurant.
National Ad Fund Fee (Notes 2 and 3)	Currently: 2.0% of Gross Sales Up to 4.0% of Gross Sales.	Due on the "Payment Day" we designate for the "Payment Period" we designate. Currently the Payment Day is the 10th day after the last day of each Payment Period. Currently, each payment period is a 4-week accounting period.	Deposited in the National Ad Fund we control.
Minimum Local Advertising Expenditure (Notes 2 and 4)	Currently 3% of Gross Sales. Together with the National Ad Fund Fee and the LAC Contribution (if any), will not exceed 5.5% of Gross Sales.	As incurred.	This is the minimum amount you must spend on or contribute to local advertising and promotion.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Local Advertising Cooperative ("**LAC**") Contribution (Notes 2 and 5)	None currently. If established, up to 3% of Gross Sales, except as determined by a majority of the LAC's participants (which may then be greater than 3% of Gross Sales).	If established, the date and frequency established by the LAC.	We have the right to establish a cooperative within your marketing area. If we do so, we may, on 90 days' notice, require that some or all of your Local Advertising Expenditure be contributed instead to the LAC.
Training Expense (Note 6)	Will vary under the circumstances	As incurred, within 5 days of our invoice	You must reimburse us for Training Expenses.
Interim Operation of Restaurant (Temporary Management) (Note 7)	10% of Gross Sales during the period in which we manage your hoots wings® Restaurant	On receipt of invoice	See Note 7.
Evaluating New Suppliers/Products	Cost of inspection, if applicable, and cost of test	On receipt of invoice	We have the right to evaluate prospective suppliers you recommend and to sample their goods. We may require you to pay the cost of inspection and testing, for this service.
Transfer Application Fee	$2,500	On your application to transfer	
Transfer Fee	For transfer of the franchise or a controlling interest: 50% of the then-current Franchise Fee of an individual hoots wings® Restaurant. For transfers of non-controlling interest or to an entity you control: $2,500.	When you request our approval of the transfer	You must pay a transfer fee if you transfer the franchise or a controlling interest in it. We consider a controlling interest to be any interest of 25% or greater in you, your hoots wings® Restaurant (or all or substantially all of its assets), the Franchise Agreement, or any interest or rights granted under this Agreement.
Renewal Fee	The greater of $12,500 or 33.3% of the then-current Franchise Fee.	When you send us your Successor Franchise Notice	The initial term of the Franchise Agreement is 10 years. You may renew for 2 additional 10-year terms.
Liquidated Damages (Note 8)	Will vary under the circumstances.	On demand	See Note 8.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Audit Costs (Note 9)	Will vary under the circumstances.	On receipt of invoice	Includes all costs related to an audit, only if it shows an understatement of 2% or more from data reported to us in respect to any item that is material to the computation of fees or analysis of the operation.
Late Fee	$100 per day after due date	As incurred	This fee is in addition to any interest or other remedies or damages. Payment of late fees is not a waiver of breach.
Interest (Note 10)	Lesser of 18% per annum or the maximum rate allowed by law	On demand	Payable on all overdue amounts.
Costs and Attorneys' Fees	Will vary under the circumstances	As incurred	Payable if we are the prevailing party in a legal proceeding, or if we incur cost due to your breach of the Franchise Agreement (even if no formal legal proceeding is initiated).
Collection Costs	Will vary under the circumstances	On demand	Includes attorneys' fees and costs. These costs may vary greatly depending on the particular circumstances of the collection action.
De-Identification Costs	Will vary under the circumstances	Within 10 days of our demand for reimbursement	You must reimburse us for our actual costs incurred in inspecting and de-identifying your hoots wings® Restaurant after the expiration of the initial term and any renewal term if you fail to deliver photographic evidence to us of your satisfactory de-identification of the hoots wings® Restaurant within 10 days of termination. These are in addition to liquidated damages.
Reimbursement for Taxes	Will vary under the circumstances	Within 10 days of our demand for reimbursement	If any taxing authority imposes on us any "franchise" or other tax that is based on the gross sales, gross revenues, business activities, or operation of your hoots wings® Restaurant, except for federal or state income taxes, you must reimburse us for the taxes and related costs and expenses imposed on or paid by us, unless the tax is credited against income tax otherwise payable by us.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Indemnification	Will vary under the circumstances	As incurred	You must reimburse us if we incur costs or are held liable for damages or other relief related to your hoots wings® Restaurant.
Injunctive Relief	Will vary under the circumstances	On receipt of invoice	You must pay us for all damages, costs, and expenses, including reasonable attorneys' fees, we incur in obtaining injunctive or other relief for enforcing your compliance with the Franchise Agreement.
Training Non-Compliance Fees	Varies in the amount of 2x the cost of or fee for the training program. This amount doubles for each successive violation	On receipt of invoice	If you fail to or refuse to attend any required meetings or training, you must pay us a Training Non-Compliance Fee of 2 times the cost of the training program or meeting. If you fail to attend more than one required meeting or required training program (or more than 5 per calendar year of our bi-weekly Training), the Training Non-Compliance Fee will double each time you or your designee (subject to our approval) fail to attend a required meeting or training meeting.
System Standards Violations Fees	$100 per day, accrues daily, plus $1,000 for any month that you are in violation, doubling each successive month	Upon receipt of invoice	Accrued daily and monthly, as applicable, for each day and month, as applicable, you are in breach of our System Standards. This fee is in addition to and not in place of all of our other remedies and damages. Doubles for each subsequent System Standard Violation.
Other fees by amendment to the Franchise Agreement:	Varies: As voted on by franchisees	As incurred, as voted on by franchisees.	If we propose a change or amendment to all Franchise Agreements, we can automatically amend all Franchise Agreements to implement that amendment if 65% of existing hoots wings® franchisees vote (one vote per restaurant) in favor of that amendment.

Type of Fee (Note 1)	Amount	Due Date	Remarks
hoots wings® Collaborative Purchasing Organization ("**CPO**") Administrative Fees	If formed, fee will vary as established by the Bylaws of the CPO.	As incurred as determined by the CPO.	hoots wings® franchisees (and our company-owned hoots wings® Restaurants) are allowed, but not required, to join the CPO, if formed. The CPO may charge administrative fees for its administration of the CPO. The CPO operates a supply chain program for its members to seek to obtain purchases at low prices and sustainable store delivered costs. Currently, membership is optional if it is formed, but we may require your membership in the CPO to be mandatory on notice to you. The CPO is currently designed to be managed by a 7 voting and 1 non-voting member Board of Directors. For voting directors, we currently require that we appoint 1 director, existing hoots wings® franchisees appoint 5 directors and a majority of the Board appoints 1 director. The form of currently approved Bylaws and Membership Agreement for a CPO is attached in Exhibit C.

Explanatory Notes:

1. Unless we specifically note otherwise: (i) all fees are payable to us; (ii) we impose and collect all fees; and (iii) all fees are non-refundable. In some cases, we might negotiate some of the fees that some franchisees will pay, such as franchisees agreeing to develop multiple hoots wings® Restaurants or acquiring existing hoots wings® Restaurants. Otherwise, except as specifically described in this Item, all fees are uniform.

2. "**Gross Sales**" include all revenue related to the sale of products and performance of services in, at, about, through, or from your hoots wings® Restaurant, whether for cash or credit, and regardless of collection in the case of credit, and income of every kind and nature related to your hoots wings® Restaurant, including, by way of example, insurance proceeds and condemnation awards for loss of sales, profits, or business; and further including, without limitation, amounts from vending machines, slot machines or gambling devices (if permitted by us in writing), any coin-operated machines for vending merchandise to customers, entertainment devices for the playing of electronic or manual games, pool tables, juke boxes, ATM fees, sports betting, or in-store advertising of sports betting, beer and wine sales, gift cards, merchandise, delivery, catering, and any off-premises consumption; provided, however, that "Gross Sales" will

not include: (i) revenues from sales taxes or other add-on taxes you collect from guests and actually transmit to the appropriate taxing authority; and (ii) tips guests give and that are charged to the guests' credit or debit cards. Service fees and commissions to the Third-Party Delivery Providers are not excluded from Gross Sales (such as DoorDash or Uber Eats).

3. We reserve the right to increase the National Ad Fund Fee on 90 days written notice to you; however, we cannot increase the National Ad Fund Fee by more than 1% in any consecutive 12-month period. The National Ad Fund Fee that you pay during the initial term of your Franchise Agreement (if any) will not exceed 4% of your Gross Sales.

Your obligation to pay the Continuing Royalty Fee and the National Ad Fund Fee is not altered by the occurrence of any casualty or event that would cause a temporary closing of your hoots wings® Restaurant. If such a casualty or event occurs, all fees you must pay to us for each 4-week accounting period in which your hoots wings® Restaurant is closed will be the average of all these fees you owed to us during the immediately preceding 13 4-week accounting periods, or any lesser period as your hoots wings® Restaurant has been open if your hoots wings® Restaurant has been open fewer than 13 4-week accounting periods.

4. You must spend and provide us receipts showing the percentage of the Gross Sales of your hoots wings® Restaurant spent on local advertising and promotion as we periodically designate (the "**Minimum Local Advertising Expenditure**"), which we may adjust periodically; however, during the term of you Franchise Agreement, we cannot require you to spend more than 5.5% of your annual Gross Sales towards advertising through your combined National Ad Fund Fees, Minimum Local Advertising Expenditure and LAC Contribution, if applicable. During the term of your Franchise Agreement, we may, in our sole judgment, designate which expenditures will, or will not, count toward your required Minimum Local Advertising Expenditure. For example, amounts spent on advertising media (such as television, radio, newspaper, magazines and outdoor advertising), point-of-sale advertising materials and programs (such as in-restaurant graphics but excluding permanent signage), point-of-purchase materials (excluding packaging), brochures, catalogs and mails are qualifying expenditures. Non-qualifying expenditures include basic satellite and/or cable television subscriptions, music subscriptions, any form of video entertainment services, and salary and other compensation expenses associated with your (or your affiliate's) employees. Any promotional offer, fulfillment, coupon redemption, whether in the form of free food or price reduction, or any other discount of any kind, does not qualify toward your Minimum Local Advertising Expenditure. If you fail to provide receipts for qualified expenditures within 6 months of the end of the previous calendar year, then you must pay to us, and we will collect from you, the shortfall, which will be deposited into the National Ad Fund. Failing to meet the Minimum Local Advertising Expenditure in any year is a breach of the Franchise Agreement, regardless of whether you pay us the shortfall.

5. We currently do not have any LACs and as a result, we have no LACs over which any company-owned hoots wings® Restaurants control the voting power. If we designate a LAC, we can, upon 90 days' notice, require that some or all of your Minimum Local Advertising Expenditure be contributed instead to the LAC. We expect that if a LAC is formed, it will be operated by LAC members or a hired advertising agency. We have the right to require the LAC to be formed, changed, or dissolved. We will permit you access to the payment and expenditure records of any LAC to which you contribute. Our or our affiliates' outlets, if any, will participate on an equal basis, and will contribute on an equal basis. We do not have a defined area for the LAC. The size of the defined area of any LAC may vary based on industry standards for the media selected.

6. Except as otherwise mentioned in Item 11 and in the Franchise Agreement, you must pay us the expenses of our trainers. These expenses include travel expenses, business VISAs (where required), per diem, and lodging expenses. Currently, we calculate reimbursement based on the following assumptions: travel within 250 miles of a hoots wings® Restaurant is by automobile, and drivers are paid the prevailing rate established by U.S. tax guidelines; travel farther than 250 miles is by commercial airline with tickets at the class level we choose, subject to availability (we book the air travel); and Per Diem is currently up to $60.00 (or equivalent) per day, and is based on location, unless we approve some other amount in advance. We choose the lodging based on proximity, availability, safety, cleanliness, and location in a business class or better. We may change the rates shown above at our sole discretion, on notice to you. We will provide you with invoices for amounts you owe us. We may require you to pre-pay all or a portion of the amounts we expect to incur. You must pay all amounts so that we receive the payment by the end of 30 days after we send you the final invoice.

7. If you die or are disabled, or if the principal owner of a franchisee that is a business entity dies or is disabled, and your hoots wings® Restaurant is not being managed by a manager who has successfully completed our training, we have the right to appoint a manager on your behalf for the restaurant until an assignee we approve assumes management and operation of the hoots wings® Restaurant. While the hoots wings® Restaurant is managed by that manager acting on your behalf, you must pay us or our designee, in addition to all other amounts due, a fee of 10% of Gross Sales, in addition to costs (including travel and living expenses of the temporary manager, and any direct expenses) of managing the hoots wings® Restaurant on your behalf during the time. In addition to management expenses, we have the right to charge the account the full amount of the direct expenses we or our designee incurs in managing the hoots wings® Restaurant on your behalf.

8. If we or you terminate the Franchise Agreement before the term expires, you must pay us, in addition to any actual damages, unpaid fees, attorneys' fees, enforcement costs or other damages to date, an amount equal the Continuing Royalty Fees and National Ad Fund Fees payable by you for the 26 4-week accounting periods immediately before the date of the notice of termination, prorated if there are less than 26 such accounting periods remaining in the term. If we or you terminate the Franchise Agreement before the expiration of 26 4-week accounting periods, we will project the amount of fees payable for the 26 4-week periods. If we terminate the Franchise Agreement before your obligation to pay Continuing Royalty Fees and National Ad Fund Fees has commenced, then you must pay us the average amount of such fees payable by our franchisees in the United States generally, for the 26 4-week accounting periods before the effective date of our termination of the Franchise Agreement. If applicable law does not permit us to collect liquidated damages, we will be entitled to collect actual and consequential damages, attorneys' fees and costs.

9. If we conduct an audit and determine that you have understated any payment to us by 2% or more, you must reimburse us for our actual costs in conducting the audit (plus any underreported amounts due us).

10. Interest begins from the date of non-payment or underpayment.

ITEM 7

YOUR ESTIMATED INITIAL INVESTMENT

ESTIMATED INITIAL INVESTMENT

Individual hoots wings® Restaurant – Franchise Agreement

Type of Expenditure (Note 1)	Amount		Method of Payment	When Due	To Whom Payment Is Made
	Low	High			
Initial Franchise Fee	$27,000	$30,000	Lump sum	On signing Franchise Agreement	Us
Real Estate Lease Payments (Note 2)	$4,000	$12,000	As Arranged	Monthly	Lessor
Improvements/Signage (Note 3)	$140,000	$475,000	As Arranged	Before Opening	Suppliers, Tradesmen
Technology System (Note 4)	$15,000	$30,000	As Arranged	Before Opening	Suppliers
Furniture, Fixtures, Equipment, Supplies, and Small wares (Note 4)	$137,000	$300,000	As Arranged	Before Opening	Suppliers
Initial Inventory (Note 5)	$10,000	$20,000	As Arranged	Before Opening	Suppliers
Labor and Training (Note 6)	$25,000	$50,000	As Incurred	During Training	Your Employees, Us, Suppliers of Transportation, Food, Lodging
Grand Opening Marketing Costs (Note 7)	$10,000	$15,000	As Incurred	Before Opening	Suppliers
Insurance (Note 8)	$15,000	$45,000	As Arranged	Before Opening	Third-Party Insurers
Professional Fees, Licenses, Deposits, and Other Prepaid Expenses (Note 9)	$6,500	$35,000	As Incurred	Before Opening	Your Attorneys, Accountants, Third-Party Suppliers, Utilities, Landlords
Additional Funds – 3 months (Note 10)	$25,000	$120,000	As Incurred	As Incurred	Suppliers, Employees, Tradesmen
Estimated Total (Note 11)	**$414,500**	**$1,132,000**			

Explanatory Notes:

1. All fees paid to us or our affiliates described in this Item 7 are non-refundable. You should review this information, including the footnotes, and carefully conduct your own investigation and seek the help of qualified advisors before making any decision about an initial investment in a hoots wings® Restaurant.

2. You may purchase or lease the land and building for your hoots wings® Restaurant. We currently envision that a hoots wings® Restaurant's Site would be an inline location in city areas and contain 1,400 to 1,800 square feet of space. The cost to purchase or lease real estate will vary greatly from region to region and within a community, and will often depend on factors like the size, land condition, location of the proposed site, and terms available for the purchase or lease of the proposed Site. We do not estimate cost to purchase real estate or the building. The monthly rental for your Site may include common area maintenance fees (if any) and real estate taxes, as well as amortized amounts reflecting the amount provided of landlord work (work performed by the landlord) and tenant improvement allowance (work the landlord reimburses the tenant for performing) ("**TI**"). The estimated amount indicated also includes a one-month advanced rental payment, security deposit and prepaid expenses. The amount of rent payments, free rent period (if any) and deposits will be influenced by the landlord work and TI negotiated, if any. The low (1,400 sq. ft.) and high (1,800 sq. ft.) range as it applies to a hoots wings® Restaurant assumes the landlord includes a substantial amount of TI costs in the rent. The low range as it applies to a hoots wings® Restaurant assumes 3 months' free rent and $99,000 of the leasehold improvement costs are covered by TI or landlord work. The high range assumes for the estimated leasehold improvements needed as it applies to a hoots wings® Restaurant, $66,000 are covered by TI or landlord work, and 0 months' free rent is provided. The amount of landlord work, TI, free rent period and other construction and build out costs will vary based on market conditions, condition of the building, engineering, architectural and acoustical requirements, federal, local or state codes, laws, or ordinances, as well as climate and weather issues impacting your building itself and building efforts. The improvements you construct on the site must be consistent with the plans we approved.

3. The costs to construct your hoots wings® Restaurant, whether as a new building or as a conversion of an existing building, will vary depending on the condition of the takeover location, local building and zoning laws, local construction and labor (union or non-union) costs, and the amount of any landlord contribution. The figures shown include estimated costs of construction using an architect or engineer we approve to prepare site layout plans and specifications that conform to our requirements, obtaining approval of your plans and specifications from the landlord and local building authorities, and employing a qualified representative to supervise construction or remodeling of the hoots wings® Restaurant.

4. These amounts include the cost of equipment, furniture, fixtures, signage, and supplies, you will need to operate your hoots wings® Restaurant. This estimate also includes the cost of the Technology System, which may include your point of sale system ("**POS System**"), bookkeeping, inventory control and other business management functions, back office computer hardware, and other software and applications. The cost of furniture and fixtures will vary depending on the size, configuration, and location of your hoots wings® Restaurant. If you open a hoots wings® Restaurant that has more square footage than the ranges stated in Note 3, above, then you should expect to pay more. The high end of the range assumes that all items in this category were purchased as new items rather than used or refurbished items.

5. You must stock your hoots wings® Restaurant with an opening inventory of food and beverages. The cost of your initial inventory will depend on the size of your hoots wings® Restaurant, the type of products you purchase, whether your hoots wings® Restaurant is first open during a busy season or a slow season, and other similar variables. These amounts may vary according to your sales volume during your opening period. We will help you plan your initial inventory.

6. This amount includes compensation expenses and other expenses you (or, if you are an entity, at least one of your Owners) and your General Manager will incur in attending our Initial Training. This includes, among other costs, the $8,500 to $10,000 in Initial Training Expenses described in Item 5 of this Disclosure Document. These expenses also include transportation, lodging, meals, and wages of your attendees. Your costs may vary. Length of training also may vary.

7. Within 30 days of opening (but not later than 30 days after your Opening Date), you must conduct a grand opening promotion for your hoots wings® Restaurant that complies with our written specifications. In our experience, you will spend the amount shown in the chart on television, radio, print, or billboard advertising for the opening of the hoots wings® Restaurant. We must approve all advertising you use related to your hoots wings® Restaurant before you publish it.

8. The types and minimum amounts of insurance coverage that we currently require are described in Item 8 of this Disclosure Document, but are subject to change. The cost of your insurance coverage will vary depending on the insurance carrier's charges, the terms of payment, and your insurance claims history. You also must carry workers' compensation insurance and any other insurance required by your landlord and applicable law. This cost may increase in the future if we exercise our right to require you to obtain insurance with higher policy limits.

9. You will need professional services to open and begin operating your hoots wings® Restaurant. These costs include accountant and attorneys' fees. The range provided is our best estimate of these costs based on our affiliates' experience in obtaining these professional services. These costs include business licenses, deposits for utilities, deposits for real property leases, prepaid expenses, and other miscellaneous costs you will incur in opening your hoots wings® Restaurant.

10. These are estimates of the funds you may need to cover expenses you will incur before your hoots wings® Restaurant opens and in its first 3 months of operation. The figures include without limitation payroll costs (but no draw or salary for the owners of the franchise unless they are acting in the capacity of a General Manager), benefits, Continuing Royalty Fees, National Ad Fund Fees, additional advertising expenses, additional inventory, miscellaneous supplies and equipment, rent, license fees, deposits and other miscellaneous expenses. The variables that affect these figures include the number of employees working, rates of pay, initial sales volume, frequency of reordering supplies, the amount of your utility bills, and similar variables. The amounts shown above are net amounts; they are set off, to some extent, by the revenues your hoots wings® Restaurant generates. The amounts shown above do not include any estimates for debt service or for your personal cash needs. We based these figures on information provided from our affiliate owned hoots wings® Restaurants and from information we obtained from existing hoots wings® franchisees. You may incur other categories of expenses or expenses in excess of this estimate.

11. In compiling these charts, we relied on information provided from our affiliate's company owned hoots wings® Restaurants and from information we obtained from existing hoots wings® franchisees. Your actual investment may vary based on factors including the size of your hoots wings® Restaurant; where you locate your hoots wings® Restaurant; national, regional, and local economic conditions; the capabilities of your management team; and depend on factors like your experience, management skills and business acumen. Unless otherwise stated above, these estimates are subject to increases based on changes in market conditions, our cost of providing services, and future policy changes. At the present time, we have no plans to increase payments we control. We do not offer direct or indirect financing for any part of your investment. A bank or other lending institution may finance all or part of your investment on terms we cannot estimate.

Multiple hoots wings® Restaurants – Development Agreement

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is Made
	Low	High			
Initial Development Fee For Unit 2 and 3(Note 1)	$15,000	$30,000	Lump sum	On signing Development Agreement	Us
Initial Investment for Unit 1	**$414,500**	**$1,132,000**			
Estimated Total	**$429,500**	**$1,162,000**			

1. This chart assumes you will develop between 2 and 3 hoots wings® Restaurants; however, we do not impose a restriction on the maximum number of hoots wings® Restaurants that you can develop under a Development Agreement. For each hoots wings® Restaurant that you develop under a Development Agreement, you will sign our then-current form of the Franchise Agreement and incur the initial investment expenses for the development of an individual hoots wings® Restaurant as described in the previous table in this Item 7. Additionally, we will apply a portion of the Development Fee you paid under the Development Agreement to the Initial Franchise Fee due under the Franchise Agreement. At the time you sign the Franchise Agreement, you must pay us the balance of the then-current Initial Franchise Fee amount.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Your Obligation to Purchase or Lease Items

We and our franchisees have an interest in protecting the quality and integrity of the System, and the goodwill associated with the Marks and Confidential Information. To protect our common interests, we place restrictions on the products, equipment, services, and supplies you purchase; the sources from which you purchase them; and the products and services you offer or sell. We reserve the right to modify these restrictions, sources, suppliers, products, and services as we deem appropriate, in our sole discretion.

For Pepsi products, you must sign and remain in compliance with the Form of Equipment Acknowledgement Agreement (the "**Pepsi Agreement**") which is attached as Exhibit C. You must sign the then-current form of Pepsi Agreement.

For Red Bull products, you must sign and remain in compliance with the Franchisee On-Premise Agreement (the "**Red Bull Agreement**") which is attached hereto as Exhibit C. You must sign the Franchisee On-Premise Agreement.

We require you to have a Technology System for the operation of your hoots wings® Restaurant. We may require you to install and use computer hardware and software that we designate for the Technology System. The Technology System may include your POS System, bookkeeping, inventory control and other business management functions, and any back office computer, and other software and applications.

Insurance

You must obtain and maintain, at your own expense, the insurance coverage that we require from time to time and meet the other insurance-related obligations in the Franchise Agreement. The insurance policy or policies must be written by a responsible carrier or carriers acceptable to us. The current specific minimum coverages and limits are described below, and may be changed, or amended by our Manuals.

You must have the following insurance coverages:

Type of Coverage	Amount
Commercial General Liability (including dram shop)	$1 million per occurrence and $2 million in the aggregate
Automobile Liability, for Owned, Non-Owned, and Hired Vehicles	Bodily injuries: $100,000 per person and $300,000 per accident Property damage: $50,000 per occurrence
Excess Liability Umbrella	$3 million per occurrence and in the aggregate
Comprehensive Crime and Blanket Employee Dishonesty	$100,000
All-Risk Property	At least 80% of the replacement cost of the structure and 100% of the replacement cost of the building's contents
Employer's Liability, Workers' Compensation	As prescribed by law
Business Interruption	$50,000 per month with at least 6 months' coverage
Employment Practices Liability Insurance	$1,000,000 minimum coverage
Cyber Liability Insurance	$1,000,000 minimum coverage
Dram Shop/ Alcohol Liability (only required if alcohol beverages are sold or served)	$1,000,000 minimum coverage

You must list Hawk Parent, LLC, and its subsidiaries and affiliates including us, and HOA as additional insureds. In addition, you and your insurance company must waive all rights of subrogation against our affiliates and us under your commercial general liability, automobile liability, and excess liability umbrella policies.

You must obtain insurance policies written by an insurance company rated A-minus or better, in Class 10 or higher, by A.M. Best Insurance Ratings Service. We have the right to approve these policies. Your insurance costs may not be uniform because insurance premiums differ depending on your location, your insurance company's assessment of the risk of insuring you, the amounts of insurance you need, your insurance history, applicable law in the area where your hoots wings® Restaurant is located, and general economic conditions. The amount shown in the chart is the estimated annual premiums for the insurance described in the table.

You are solely responsible for maintaining adequate insurance to cover any liability that may arise from the use of Third-Party Delivery Providers (or other delivery methods) for delivery services from your hoots wings® Restaurant.

The cost of your insurance coverage will vary depending on the insurance carrier's charges, the terms of payment, and your insurance claim history. You must also carry workers' compensation insurance and any other insurance required by your landlord and applicable law. We may specify an insurance agency or insurer as the designated supplier for this service. You must name us as an additional insured.

Your obligation to obtain and maintain the policies that we require, in the amounts specified, will not be limited in any way by reason of any insurance maintained by us, and your performance of that obligation will not relieve you of your liability under the indemnity provisions in the Franchise Agreement. If you fail to procure or maintain the insurance that we require, we may (but are not obligated to) obtain the required insurance and charge the cost of the insurance to you, plus an administrative fee.

Purchases from Us or our Affiliates

Currently, other than distribution services, training services, marketing materials, gift cards, and certain software, you do not have to purchase goods or services from us, our predecessors or our affiliates relating to the establishment or operation of your hoots wings® Restaurant. We may require you to purchase any Restaurant Items (defined below) from us or our affiliates, and we may license, lease, or purchase Restaurant Items from our affiliates or others and license, lease or sell them to you.

Approved Suppliers

We have the right to approve or designate any and all suppliers ("**Approved Suppliers**") that provide, sell or lease fixtures, furniture, signage, products, services, inventory, ingredients, equipment, supplies, items, food, or beverages, that are used, offered or sold by hoots wings® Restaurants ("**Restaurant Items**"). We also have the right to approve or disapprove all Restaurant Items. The suppliers of Restaurant Items must meet our criteria, and we may change, alter, amend, or discontinue the criteria at any time. We may permit you to negotiate your own purchase terms and prices with these Approved Suppliers, or we may negotiate purchase terms on a national, regional, or local account basis, which you must honor. We may require you to enter into agreements with Approved Suppliers on terms approved by us. While we may seek to establish supply relationships based on price, other considerations like strategic marketing,

strength of supplier, competitive pressures, and the like, may influence our decisions to use and negotiate with those suppliers or to choose their Restaurant Items. We notify you in our Manuals or in other written communications of the names of our Approved Suppliers.

Our Grant and Revocation of Approval of Other Suppliers

We may permit you to purchase Restaurants Items from a supplier that we have not approved, provided these suppliers meet our criteria. Our criteria for approving suppliers may be treated by us as a trade secret and not shared with our franchisees. In other instances, we may share these criteria with you by placing it in the Manual or communicating it directly to you. We do not have a formal program for modifying our criteria (but may develop one in the future); instead, we modify the criteria when we, in our sole discretion, believe it is in the best interests of the System to do so.

If you would like to purchase a Restaurant Item from a supplier that we have not approved, you must: (i) submit a written request to us for our consent to use the supplier; (ii) have the supplier acknowledge in writing that you are an independent entity from us and that we are not liable for debts you incur; and (iii) if the supplier will obtain access to our confidential information, have the supplier sign a confidentiality agreement in a form we approve. We have the right to inspect the proposed supplier's facilities and require the proposed supplier to deliver samples to us, or to an independent laboratory we designate, for testing. You or the supplier must pay us a fee, the amount of which will not exceed our cost of inspection and testing. We also may require that the supplier comply with other reasonable requirements we deem appropriate, including payment of reasonable continuing inspection fees and administrative costs.

We will notify you of our approval or disapproval of the proposed supplier within 45 days after we receive the last item of information we request. If we fail to notify you, the supplier is deemed not approved. We reserve the right, following consent to use a supplier, to revoke our consent if the Approved Supplier fails to continue to meet our then-current criteria. If we revoke our consent, we will notify you by modifying our criteria or by otherwise telling you in writing. Our approval or our revocation of approval of a supplier may be conditioned on requirements relating to product quality, frequency of delivery, standards of service and concentration of purchases with one or more suppliers in order to obtain better prices and service and may be temporary, pending our further evaluation of the supplier.

Specifications and Standards

You must purchase certain branded and non-branded Restaurant Items we designate in the Manuals which meet our System Standards, even if we do not specify an Approved Supplier. Our standards and specifications may impose minimum requirements for quality, cost, delivery, performance, design and appearance, delivery capabilities, financing terms, and ability of the supplier to service our franchise system as a whole.

Thirty-Party Delivery Service Providers

We may in our sole judgment periodically designate third-party delivery service providers (each a "**Third-Party Delivery Provider**") as Approved Suppliers. If you want to use a third-party delivery service provider that we have not yet approved, you must first submit the name of the proposed provider and other sufficient information for us to evaluate whether the provider meets our criteria. We may condition our approval of a third-party delivery service provider on the provider agreeing to provide periodic delivery sales reports directly to us and all other requirements relating to

reliability, consistency, standards of service (including prompt attention to complaints) and/or other criteria. We may periodically revoke our approval of any Third-Party Delivery Provider that does not continue to meet our criteria. We may limit the number of Third-Party Delivery Providers with whom you may deal, designate Third-Party Delivery Providers that you must use, and/or refuse any of your requests for any reason, including if we have already designated an exclusive Third-Party Delivery Provider for the System or if we believe that doing so is in the best interests of the System.

Revenue or Other Consideration from Your Required Purchases or Leases

We may require you to purchase or lease products, equipment, services, and supplies from third parties under arrangements that allow us or our affiliates to receive revenue, other consideration, or other material benefit, like rebates, discounts, and allowances, as a result of consideration you or any of our other franchisees pay to the third parties.

We may require you to purchase or lease products, equipment, services, or supplies from us or our affiliates. We or our affiliates: (i) may include a markup in the price of any items we or they sell or lease to you; (ii) may derive profit from the items we or they sell or lease you; and (iii) may receive revenue, other consideration, or other material benefit, like rebates, discounts, and allowances, as a result of consideration you or any of our other franchisees pay us or our affiliates. We and our affiliates did not earn any revenue from required franchise purchases or leases in our prior fiscal year.

We and our affiliates are not currently the sole Approved Supplier for any Restaurant Items we require you to offer or sell at your hoots wings® Restaurant. But we are an Approved Supplier for certain marketing materials, gift cards, and distribution services. However, we reserve the right to designate ourselves or our affiliates as the sole Approved Supplier of any item.

We and our affiliates have rebate or other remuneration programs with certain Approved Suppliers to company-owned and franchised hoots wings® Restaurants. We or our affiliates may negotiate with suppliers, distributors, and manufacturers to receive rebates or other remuneration on certain items and services you must purchase. Our System Standards require you to participate in any rebate, remuneration or other programs we may establish. Our rebate or other remuneration programs may vary depending on the supplier and the nature of the product or service. Certain suppliers and manufacturers may pay us a variable rebate or remuneration based on the volume or value of Restaurant Items ordered. Not every supplier will pay rebates or remuneration to us. In return for rebates or remuneration we receive, we assist in managing the relationship between us, our franchisees and suppliers that provide rebates or remuneration. We may deposit certain rebates, remuneration or fees we receive from Approved Suppliers into National Advertising Fund but are not required to do so.

We may receive rebates for other remuneration from HOA Gift Cards in connection with gift cards purchases for your hoots wings® Restaurant. In the prior fiscal year, we did not receive any rebates or remuneration from HOA Gift Cards in connection with gift card purchases by or through franchised hoots wings® Restaurants.

All of your required purchases, which include items you must purchase from us or any affiliate or Approved Supplier of ours, and items you must purchase in accordance with our specifications, will represent about 90% to 95% of your total purchases in connection with the establishment of your hoots wings® Restaurant and about 50% to 65% of your total purchases in operating the Restaurant.

We and our officers or managers do not have any ownership interest in suppliers to our hoots wings® franchisees.

We and our affiliates did not receive any payments from designated and Approved Suppliers on account of franchisee purchases or leases of required and approved items from those suppliers in our previous fiscal year**.**

We do not provide material benefits to you (for example renewing or granting additional franchises) based on your purchase of particular Products or Services or use of particular suppliers. However, if you do not use Approved Suppliers or follow our System Standards, we may terminate the Franchise Agreement. You must follow and honor all of the product and service warranty and customer service policies we may establish and publish in our Manuals.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreements	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 1 and 4 of Franchise Agreement; Section 3.1 of Development Agreement	Items 7 and 11
b. Preopening purchases/leases	Sections 4 and 7 of Franchise Agreement	Items 5, 7 and 8
c. Site development and other pre-opening requirements	Sections 1, 4 and 7 of Franchise Agreement	Items 6, 7, 8 and 11
d. Initial and ongoing training	Section 6 of Franchise Agreement	Items 5, 6 and 11
e. Opening	Sections 1 and 4 of Franchise Agreement	Items 11 and 12
f. Fees	Section 3 of Franchise Agreement; Section 2 of Development Agreement	Items 5, 6, 7, 8 and 11
g. Compliance with standards and policies/operating Manuals	Sections 5, 6, 7, and 8 of Franchise Agreement	Items 8, 11, and 14
h. Trademarks and proprietary information	Sections 6, 8 and 9 of Franchise Agreement	Items 13 and 14
i. Restrictions on products/ services offered	Sections 1 and 7 of Franchise Agreement	Items 8 and 16
j. Warranty and customer service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Section 3 of Development Agreement	Item 12

Obligation	Section in Agreements	Disclosure Document Item
l. Ongoing product/service purchases	Section 6.8 of Franchise Agreement	Items 8 and 11
m. Maintenance, appearance, and remodeling requirements	Sections 1, 6.6, and 6.7 of Franchise Agreement	Item 11
n. Insurance	Section 12 of Franchise Agreement	Items 6,7, and 8
o. Advertising	Sections 3.3, 3.4 and 11 of Franchise Agreement	Items 6, 7, and 11
p. Indemnification	Section 17 Franchise Agreement Section 10.4 of Development Agreement	Item 6
q. Owner's participation/ management/staffing	Section 6.3 of Franchise Agreement	Items 11 and 15
r. Records and reports	Sections 6 and 10 of Franchise Agreement	Item 6
s. Inspections and audits	Sections 6 and 10 of Franchise Agreement	Items 6 and 11
t. Transfer	Section 13 of Franchise Agreement Section 8 of Development Agreement	Item 17
u. Renewal	Section 2 of Franchise Agreement	Items 6 and 17
v. Post-termination obligations	Section 15 of Franchise Agreement; Section 7.7 of Development Agreement	Item 17
w. Non-competition covenants	Section 9.3 of Franchise Agreement; Section 6 of Development Agreement	Item 17
x. Dispute resolution	Section 20 of Franchise Agreement; Section 14 of Development Agreement	Item 17
y. Other:		

ITEM 10

FINANCING

Neither we nor our affiliates offer direct or indirect financing. Neither we nor our affiliates guarantee your note, lease, or obligation.

ITEM 11

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

Except as listed below, we are not required to provide you with any assistance.

As noted in Item 1, we have entered into a management agreement with HOA for the provision of support and services to franchisees. We remain, however, responsible for all of the support and services required under the various agreements described below.

Pre-Opening Assistance

Before you open your hoots wings® Restaurant, we will:

1. Give you advice and guidance in locating a site and developing a hoots wings® Restaurant. Our advice and guidance will include providing acceptable site criteria, Approved Supplier lists, approved renovation criteria and, at our option, a set of architectural plans of an existing hoots wings® Restaurant. (Franchise Agreement, Sections 1.1 and 4.)

2. Train your salaried general manager and provide the other Initial Training described in Item 11. (Franchise Agreement, Section 6.)

3. Provide you with resources for training of your hourly employees in the Manuals or otherwise in writing. We do not hire your employees for you. (Franchise Agreement, Section 6.)

4. Loan you one copy of our Manuals. (Franchise Agreement, Section 5.1.) The tables of contents of our Manuals are included in this Disclosure Document as Exhibit D.

5. Provide you with our System Standards. Our System Standards may designate or approve maximum or minimum prices at which you must sell your products or services (subject to applicable law). (Franchise Agreement, Section 5.)

6. Provide you, at your expense, with plans and materials for local advertising. (Franchise Agreement, Sections 3.4 and 11.3.) See "Advertising" below in this Item 11 for further information about our advertising program. We may also provide you with any merchandising, marketing, and other data and advice we believe would be helpful to you in developing, opening, and operating your hoots wings® Restaurant. (Franchise Agreement, Section 11.)

7. If your Site Selection Area is not selected when you sign the Franchise Agreement, we will either designate a Site Selection Area within 30 days of the Development Commencement Date or if you and we cannot agree within the 30-day period, we may terminate the Franchise Agreement. (Franchise Agreement, Sections 1.1 and 4.1.)

8. If your Protected Market Area is not determined when you sign the Franchise Agreement, we will designate your Protected Area within 10 days of our approving your Site. (Franchise Agreement, Section 1.5.)

Designating the Site Selection Area, Site Selection and Protected Market Area Selection

We will provide you with Site selection guidelines, including our minimum standards for a location for your hoots wings® Restaurant, and other counseling and assistance as we may decide is required. We do not generally own the Site and lease it to you. (Franchise Agreement, Sections 1.4 and 4.1.)

The factors we consider when we evaluate a proposed Site include population density, *per capita* income, crime, and other demographic factors near the proposed site; traffic patterns and parking; competition; the area's commercial development; the physical characteristics of existing buildings and the renovations required to the proposed site to develop your hoots wings® Restaurant; and other factors.

You must provide us with a copy of the lease for the Site and the opportunity to review and approve it before you sign it. We do not provide your legal advice: we review the lease to determine if it complies with your obligations to us under the Franchise Agreement. Our review and approval do not constitute real estate or legal advices to you and is not a representation, warranty or promise that the leased location or Protected Market Area will be successful or profitable in any way. You must also execute a "**Collateral Assignment of Lease**", a form of which is attached to this Disclosure Document as Schedule E-1 to Exhibit A, which will provide us with the right to take over your lease in the event of a default of the lease by you. Alternatively, you may have us as the lessee of your lease, and you will sublease the site directly from us. (Franchise Agreement, Section 4.2.) In addition, we may require you and your landlord to sign our then-current form of Lease Rider, an example of which is attached as Schedule E-2 to Exhibit A. You agree to work diligently and in good faith with your prospective landlord to execute the Lease Rider

If you and we have not agreed on a Site when you sign the Franchise Agreement, you must locate and secure a Site within the geographic area described in Schedule A to the Franchise Agreement (the "**Site Selection Area**"). For each proposed site, you must submit to us a site selection package to us. The contents of the site selection package will be determined by us, but may include a copy of the site plan, proposed lease or purchase agreement in final executable form, along with its letter of intent, a construction cost pro forma for that site, business plan, demographic information, and evidence showing your ability to obtain the Site. We will have 30 days to accept or decline the Site that you have proposed. If we reject your proposed Site, you must propose a new Site at your expense. (Franchise Agreement, Section 4.3.) If we accept the proposed Site, we will designate your Site on Schedule A of the Franchise Agreement. (Franchise Agreement, Section 4.1.)

We have the right to perform an on-site evaluation of your proposed site, and we may designate a third party to perform site selection counseling and services for us. If we designate a third party to perform these services, we may require you to pay the Approved Supplier's then current fee for its services. We may require you to submit a construction cost pro forma, as well as the lease or purchase agreement for the Site for our review before we approve or disapprove the proposed Site. (Franchise Agreement, Section 4.3.)

We may conduct a Site Selection trip to assist you with choosing or evaluating a site for the Site. We may also, in our sole discretion, choose not to conduct any Site selection trip and approve or disapprove your proposed Site based on documentation you submit to us. (Franchise Agreement, Section 4.3.)

Our acceptance of the Site Selection Area or Site is not a representation, promise or guarantee of any kind that the terms of the lease or purchase are favorable to you or that the location will be profitable. (Franchise Agreement, Section 4.1.)

You will have 180 days after the Franchise Agreement is signed in which to obtain our approval of and secure a Site for your hoots wings® Restaurant within the Site Selection Area (the "**Site Acquisition Deadline**"). If you fail to meet the Site Acquisition Deadline, then we may terminate the Franchise Agreement. If we terminate the Agreement, we do not provide any refunds of fees or monies paid.

We will also designate a geographic area around your Site as your "**Protected Market Area**." We will designate the Protected Market Area at the time you sign the Franchise Agreement if you choose your Site at that time, or within 10 days of our approval of your Site. We, in our sole discretion, choose the Protected Market Area and it may be irregularly shaped and may be based on Google Earth/Google Maps or other GPS or population mapping software we designate from time to time in our sole discretion. The Protected Market Area will be designated in Schedule A to the Franchise Agreement. After we designate the Protected Area, we are not obligated to modify your Protected Market Area if the population in it or zip code(s) associated with it, or another factor associated with it, later changes. (Franchise Agreement, Section 1.5.)

Obtaining Required Permits

You must obtain all building permits, liquor licenses (if applicable), and all other permits required to timely open your hoots wings® Restaurant. (Franchise Agreement, Section 4.3.) You must comply with all laws at all times in offering delivery services, including obtaining and maintaining all required permits, licenses, consents and waivers required by any laws. (Franchise Agreement, Section 6.1.)

Constructing, Equipping, and Decorating Restaurant

You must construct, equip, and decorate the hoots wings® Restaurant at your sole cost and expense. Before you begin construction of the restaurant, you must submit a site plan, including a footprint of the proposed building and architectural, kitchen, and signage drawings, to us for our approval. You may use an architect or engineer approved by us to prepare the plans and specifications for your hoots wings® Restaurant. In constructing or renovating the premises, you must enter into a building contract with a general contractor and you must pay the general contractor directly for the build-out of your hoots wings® Restaurant, including all labor and material costs. You must provide us with the name and contact information of your qualified general contractor before you begin construction. You must construct the hoots wings® Restaurant in accordance with the site plan and plans and specifications that we have approved. You are responsible for conforming the design and construction plans to meet all applicable codes, rules regulations and laws. You may not make any changes to approved plans and specifications, the design of the hoots wings® Restaurant, any of the materials used, or the interior and exterior colors associated with the hoots wings® Restaurant, without our consent. (Franchise Agreement, Section 4.3.3.)

We provide you with the names of Approved Suppliers for many of the Restaurant Items you will need to construct, equip, and decorate your hoots wings® Restaurant, and written specifications for these items, in our Manuals. We do not deliver or install any of these items.

Time for Opening Your Restaurant

You must open your hoots wings® Restaurant for business within 12 months (365 days) after the Franchise Agreement is signed. We refer to your opening date as your "**Opening Date**." The factors that affect this time period include the ability to obtain a lease, financing, building permits, liquor licenses (if applicable), and other permits and licenses.

You may not open your hoots wings® Restaurant for business until: (1) we approve your hoots wings® Restaurant as developed according to our specifications and standards; (2) pre-opening training of you and your personnel has been completed to our satisfaction; (3) the Initial Franchise Fee and all other amounts then due to us have been paid; (4) we have approved the General Manager of your hoots wings® Restaurant as having been properly trained in relation to our System, and you have demonstrated that the conditions of the Franchise Agreement have been met; (5) we have been furnished with copies of all required insurance policies, or such other evidence of insurance coverage and payment of premiums as we request; and (6) we have approved and received signed counterparts of all required documents pertaining to your acquisition of the Site. You cannot open your hoots wings® Restaurant until we are satisfied that you have completed all necessary steps to open. We may terminate the Franchise Agreement if you fail to open your hoots wings® Restaurant by the Opening Date. If we terminate the Agreement, we do not provide any refunds of fees or monies paid.

Hiring and Training of Personnel

We do not hire, fire or compensate your personnel. We do not assert the right to, or direct control over their employment activities. (Franchise Agreement, Section 6.8.8.) You must train and properly supervise all restaurant personnel. In addition to the Initial Training Program described in this Item 11, we will offer additional pre-opening training and opening supervision and assistance as we deem advisable.

Post-Opening Assistance

During your operation of your hoots wings® Restaurant, we will:

1. Provide you with continuing advisory assistance in the operation, training, advertising, and promotion of your hoots wings® Restaurant, as we consider appropriate. (Franchise Agreement, Sections 5, 6, 10 and 11.)

2. Provide refresher training programs for you and your employees we designate, as we consider appropriate. If you request training that is not designated, the training will be at your expense. (Franchise Agreement, Section 6.5.8.)

3. Furnish you, at your expense, with plans and materials for local advertising. (Franchise Agreement, Sections 3.4 and 11.3.) We may also direct you to stop using these plans and materials. We must review and approve all other advertising and promotional materials you propose using. (Franchise Agreement, Section 11.3.2.)

4. Provide you with any merchandising, marketing, and other data and advice we develop that we think would be helpful to you in managing and operating your hoots wings® Restaurant. (Franchise Agreement, Section 11.3.)

5. Provide you with periodic individual or group advice, consultation, and assistance, either by personal visit, telephone, newsletters, or bulletins we make available to all hoots wings® franchisees, as we consider appropriate. (Franchise Agreement, Section 3.9.)

6. Provide you with our System Standards, including any bulletins, brochures, manuals, and reports we publish regarding our plans, policies, developments, and activities, as we consider appropriate. We will also let you know about any new developments, techniques, and improvements we consider relevant to the operation of your hoots wings® Restaurant. Our System Standards may designate, subject to applicable law maximum or minimum prices at which you may sell the Products or Services. (Franchise Agreement, Section 6.12.)

7. Furnish you, on your request but not more than once a year, with annual financial statements (which may be audited) of receipts and disbursements of the National Ad Fund. (Franchise Agreement, Section 11.2.)

8. Establish through ourselves or our designee, maintain and administer a system-wide fund (the "**National Ad Fund**"). You are obligated to contribute to the National Ad Fund by paying the National Ad Fund Fee in such amounts that we prescribe from time to time up to a limit set in the Franchise Agreement. (Franchise Agreement, Sections 3 and 11.2.)

9. Provide you with our System Standards. (Franchise Agreement, Section 5.)

Development Agreement

Our pre-opening and post-opening obligations are not changed if you enter into a Development Agreement other than to credit the portion of the Development Fee to the applicable Initial Franchise Fee and to establish the dates indicated in the Development Schedule for your required Site Acquisition Date(s) and Opening Date(s). If you breach the Development Agreement, we may terminate your rights to develop all remaining hoots wings® Restaurants under the Development Schedule.

Advertising Generally

We may provide advertising materials to you through the National Ad Fund or other means. These materials may include posters, billboards, point of sale materials, radio scripts, sports ads, coupon ads, hoots wings® logos, camera-ready artwork, clip art, line drawings, and border designs so you can create your own ads, table tents, flyers, direct mail brochures, and generic print ads. These materials allow you to customize your ads to meet your particular needs. The different formats and logo combinations provide you with flexibility in preparing your own individualized ad campaigns. Our advertising agency, with the assistance of our in-house marketing department, produces most of these materials. (Franchise Agreement, Section 11.2.)

If you decide not to use our pre-prepared advertising materials, you may choose your own advertising agency or supplier and produce your own materials. However, we must approve all your advertising before you publish it. Our right of approval extends to the type and content of the advertisements, the media in which the advertisements will appear, and any advertising programs you devise. (Franchise Agreement, Section 11.1.)

Through the National Ad Fund, we may conduct national and regional advertising campaigns using print and electronic media. The purpose of these programs will be to promote the hoots wings® System and hoots wings® Restaurants system wide, without focusing on a particular franchised or company-owned hoots wings® Restaurant, and to counter threats to the hoots wings® System. We describe the National Ad Fund more fully below.

Grand Opening Expense

You must, at your expense, implement a grand opening marketing program for your hoots wings® Restaurant according to the requirements in the Manuals and other System Standards within the period beginning 30 days before your Opening Date and ending 30 days after your Opening Date.

Local Advertising

You must also spend the Minimum Local Advertising Expenditure annually on local advertising and promotions. We do not currently have local or regional advertising cooperatives; however, if we establish a LAC, we can, upon 90 days' notice, require that some or all of your Minimum Local Advertising Expenditure be contributed instead to that LAC. The Minimum Local Advertising Expenditure is in addition to the National Ad Fund; however, we will not require you to pay a combined amount for Local Advertising, Local Advertising Cooperative Contribution (if a cooperative is established) and National Ad Fund of more than 5.5% of your Gross Sales. (Franchise Agreement, Section 3.4.)

You may not create your own web site or social media presence for your hoots wings® Restaurant or containing any Marks without our approval and compliance with all of the relevant policies, standards, and requirements that we may periodically prescribe. (Franchise Agreement, Section 8.2.5.)

Unless approved by us, you may not advertise, promote, or make any media statements about any Third-Party Delivery Provider. (Franchise Agreement, Section 1.7.4.)

National Ad Fund

You must contribute the National Ad Fund Fee that we specify to the National Ad Fund. We reserve the right to increase the National Ad Fund upon 90 days written notice to you; however, we may not increase your National Ad Fund Fee by more than 1.0% in any consecutive 12-month period. During the initial term of your Franchise Agreement, you will not be required to pay a National Ad Fund of more than 4% of your Gross Sales. (Franchise Agreement, Section 3.3.) During the initial term of your Franchise Agreement, we cannot require you to spend more than a total of 5.5% of your annual Gross Sales for the National Ad Fund Fee, Minimum Local Advertising Expenditure and/or the Local Advertising Cooperative Contribution, if any. (Franchise Agreement, Section 3.4.)

Also, we may, in our sole discretion, deposit rebates and similar fees we receive into the National Ad Fund.

We will maintain and administer the National Ad Fund as follows:

1. We or our designee will direct all advertising and promotional programs and have sole discretion over the creative concepts, contents, endorsements, materials, media used, placement, and allocation of these programs. We or our designee will have sole control over the

creative concepts, materials, and media used in the programs, and the placement and allocation of advertising. We reserve the right to use any media, create any programs, and allocate advertising and promotional expenditures to any regions or locales we deem appropriate. We will use the National Ad Fund to: maximize general public recognition of the hoots wings® System and the Marks; pay the costs of preparing audio and written advertising and marketing materials, including but not limited to television, radio, magazine, newspaper, and digital campaigns; engaging in research and development; administering regional and multi-regional advertising programs; purchasing e-commerce rights, products or services, direct mail and other media advertising; maintaining or paying third parties to maintain on-line ordering and fulfillment systems and advertising or promotional related software and services; supporting public relations and market research, including but not limited to, for the purposes of brand reputation management; employing outside public relations firms and advertising agencies to assist in these activities; establishing, developing, maintaining, modifying, servicing or hosting social media accounts, Websites, text messaging advertising, call centers or other e-commerce or communication programs or services; paying the costs of enforcement of collections of the National Ad Fund Fee; paying salaries, benefits and other general and administrative expenses associated with operating and maintaining the National Ad Fund, and engaging in other advertising, promotion and marketing development and placement activities we designate or approve in our sole discretion to directly or indirectly promote the System, its franchisees, and/or increase System sales, such as limited time menu offerings, crew incentives, franchisee incentives and/or promotional programs, customized materials, up-sell programs, guest response programs, manager/employee recognition programs, quality assurance and food safety programs, mystery shop programs, brand applications, and in-store equipment and technologies related to such programs. The National Ad Fund may, at our option, use an in-house advertising department or any local, national, or regional advertising agency we choose. We will undertake no obligation, in administering the National Ad Fund, to make expenditures for you that are equivalent to your contribution or to ensure that any you benefit directly or *pro rata* from the National Ad Fund's expenditures. We may use a number of our affiliated companies to facilitate the advertising and promotional programs the National Ad Fund purchases.

3. We will maintain the National Ad Fund in an account separate from our other monies. We will not use the National Ad Fund to defray any of our expenses, except for general and administrative costs and overhead we incur in activities related to the administration or direction of the National Ad Fund and advertising programs for our franchisees or for a possible in-house advertising agency as described above. We will prepare an annual statement of monies collected and costs incurred by the National Ad Fund and furnish the statement to you upon reasonable written request, not more than once per year. However, the National Ad Fund is not audited. Any audit of the National Ad Fund is at our sole discretion and will be at the expense of the franchisee requesting the audit. We have no obligation to provide an audit of the National Ad Fund. (Franchise Agreement, Section 11.2.)

4. We may spend the National Ad Fund, and any earnings from it, on advertising and promotional activities during the year that we receive the contributions and earnings. However, if excess amounts remain in the National Ad Fund at the end of the particular year, we will make all expenditures in the following year first out of accumulated earnings from previous years, next out of earnings in the current year, and finally from new National Ad Fund Fees. In administering the National Ad Fund, we reserve the right for the National Ad Fund to borrow from us or our affiliates or other lenders to cover deficits of the National Ad Fund. We may apply your National Ad Fund Fees, in our discretion, to any obligation you owe us, including obligations like royalties, purchases, and interest. (Franchise Agreement, Section 11.2.)

5. The National Ad Fund will not be our asset or the asset of any affiliate or designee of ours. (Franchise Agreement, Section 11.2.)

6. We retain the right to terminate the National Ad Fund, provided that we have expended all monies in the fund for advertising and promotional purposes or have returned them to contributors on the basis of their respective contributions. (Franchise Agreement, Section 11.2.)

7. The National Ad Fund will not create a trust or fiduciary relationship between us. (Franchise Agreement, Section 11.2.)

8. We will not use funds from the National Ad Fund to solicit franchise sales.

During the fiscal year ending December 25, 2022, we spent the National Ad Fund contributions in the following manner:

Agency Fees	2%
Sponsorships	27%
Annual Pageant/Conference	17%
Advertisement Expense	42%
Other	12%

We may require you to honor rebates, giveaways, discounts, incentives and promotions in accordance with reasonable marketing programs, loyalty programs or customer survey/research programs that we establish from time to time. You must honor rebates, giveaways, discounts, incentives and promotions that are issued by other franchisees. We may also require you to participate in cooperative advertising programs with particular suppliers or approved sources of goods.

Advertising Councils

There currently are no franchisee advertising councils or advertising cooperatives that advise us on advertising policies. In our discretion, we reserve the right to establish an advisory council of franchisees that does advise us on advertising policies and other matters.

Technology System

You must purchase and use a computer system, software and information technology/ communications system that meets our System Standards (the "**Technology System**"). The Technology System must be capable of integrating with our Business Management System described in more detail in the Franchise Agreement. You must upgrade or update your computer hardware and software programs during the term of the Franchise Agreement as required by us.

A general description of the components of the Technology System is:

- POS system. The current standard is NCR's Aloha for Table Service POS System, with at least 5 terminals per restaurant.
- NCR Back Office ("**NBO**") for inventory and labor management.
- Pulse Realtime App for managers and operations Management
- Aloha Insights for store reporting.
- OIO for online ordering.

- Punchh Loyalty and Mobile App Ordering.
- Designated Third Party Delivery Providers.
- EMV, chip and pin card readers for secure payment processing.
- Managers Workstation running Windows 10 or higher.
- Network switches and firewalls with automatic cellular failover and failback.
- High speed internet with a minimum of 100.0M x 10.0M broadband speeds.
- Cisco Miraki WiFi and security, or another WiFi system designated by us.
- NCR Elite Network Security Services.
- NCR Payments for credit and gift card payment processing and settlement. Payment processing fees will be at our current negotiated rates.
- NCR Menu Maintenance for all menu, coupon, promotion, and inventory item changes.

There are other various components of the Technology System that will be described in our Manuals or training. We may at any time designate a different or alternative supplier to any components of the Technology System.

The estimated one-time cost for the POS System for your hoots wings® Restaurant is $24,000 - $30,000. In the first year, the hardware maintenance for business-critical hardware components is estimated to be between $200 and $400. In the second year and beyond, the hardware maintenance for business-critical hardware components is estimated to be between $1,400 and $1,600. You will also have to pay a monthly software subscription cost between $250 and $750 for the POS System that includes software licensing, maintenance, software upgrades, and Help Desk support. Currently, the cost for NBO inventory and labor management is included in the software subscription monthly cost.

We will require you to subscribe to our online ordering system, currently provided by OlO and management by us. The OlO system is directly integrated to POS System for pickup and delivery of customer orders. Currently, the OlO system requires a one-time activation fee of $100 and an estimated monthly service fee and order transaction cost that will range between $95 and $170. You must pay the then current fees for OIO. You are also required to participate in OlO Dispatch and Rails for delivery services. OlO Dispatch fees are currently set to $0.50 per transaction and you may be required to fund a customer delivery service as defined by our marketing initiatives. Currently, there is no additional fee for the OlO Rails function.

You must purchase or license any applications or other software we designate from time to time, including any for the software described above (**"Software and Apps**"). You are responsible for purchasing or leasing the computer and other technology hardware necessary to operate the Software and Apps as intended, as well as all other aspects of the Technology, or as directed by the software or application provider. You must enter into the then current software license agreements approved by us with these Approved Suppliers for the Software and Apps required by us for your hoots wings® Restaurant. You will be responsible for paying us and/or the Approved Suppliers the then current licensing or other fees, costs and expenses incurred to acquire, install and implement the Technology System and any updates to the Technology System we may require. The form of agreements for certain mandatory Software and Apps are attached as Exhibit C.

As part of the Technology System, we will establish the standards and specifications of your management's office, telecommunications and computer equipment (the "**Computer System**"). We require that your Computer System include a laptop computer, smartphone, printer, database, router, business management software and marketing software that meet our current

specifications. There is no contractual limitation on the frequency or cost of this obligation, although we estimate that expenditures for Computer System upgrades or updates and software or application upgrades or updates will generally not exceed $3,000 each year.

You may choose to establish a contractual relationship with a third-party supplier to provide ongoing maintenance, repairs, upgrades or updates to your Computer System, other than the POS System and other components of the Technology System, at an estimated annual cost of $500 to $1,000 per year. Your Computer System will perform word processing, accounting, record keeping, scheduling, Internet access and e-mail functions for your hoots wings® Restaurant. Telecommunications equipment, computer hardware and peripherals, maintenance agreements, and computer software and operating systems are all available through commercial office and telecommunications equipment, and computer hardware and software vendors.

As part of the Computer System, we will require you to, or recommend that you (as specified), purchase, install and implement the following information technology hardware, software and/or processes: We require that all franchisees maintain Payment Card Industry Data Security Standard ("**DSS**") compliance as required. The process(es) in place for the franchisee to accept payment will determine the necessary level of reporting per the DSS. You are required to comply with the reporting requirements including the Self-Assessment Questionnaires. Our current System Standards require that on an annual basis, you must provide us with an attestation of compliance certifying to us that you maintain your operations with the necessary level of PCI compliance. This will serve to communicate to us that you are performing due diligence in protecting cardholder data, which serves to protect the business and reputation of both you and us. In addition, we may require, and have you verify that all necessary specific testing is taking place and being performed by an approved third-party vendor. We also expect you to obtain an "uninterruptable power supply" to power all networking hardware. This will ensure that power spikes or blackouts do not damage network equipment and cause the hoots wings® Restaurant network to fail. We also suggest you obtain a "power distribution unit" used for ensuring clean and properly distributed electrical power is used by the networking equipment. A lockable, wall mounted enclosure may be required to secure networking equipment (due to PCI regulations), and to prevent accidental damage from occurring to the equipment. You must also have your hoots wings® Restaurant connected to the internet using a connection method we approve, currently cable or other high-speed broadband services and maintain a phone line. Since your customers will wish to use Wi-Fi, to ensure optimal wireless internet coverage, we require you to have a wireless access point. Your hoots wings® Restaurant must utilize high-speed internet connectivity and a backup or failover internet service in case of primary internet outages. Depending on your hoots wings® Restaurant's size, additional wireless access points may need to be added throughout to ensure full coverage. The wireless access point being centrally located in the hoots wings® Restaurant facilitates use of the POS System, as well as other wireless connected devices in the hoots wings® Restaurant. You must maintain and share with us one or more permanent internet email account in the manner we designate. The estimated cost to acquire the baseline technology infrastructure configuration for internet access, consistent with the above requirements, ranges between approximately $1,300 to $2,000. We may require you to use a specific supplier to ensure PCI compliance and compliance with other laws.

We currently require you to provide us continuous uninterrupted "24/7" independent access to your Computer System to monitor your social media, sales, receivables and other financial and operational data we designate. We may access your Computer System and retrieve, analyze, download, and use all software, data and files stored or used on the information system. We may access your Computer System through our intranet, in your hoots wings® Restaurant, or from

other locations. There is no contractual limitation on our right to independently access these records. If we exercise our contractual right to access this data, we will be able to audit the data to verify your Gross Sales and other elements of your compliance with the Franchise Agreement. On our request, you must report to us, in a form we approve, on a daily or other basis, a listing of the product mix of all items you sell. You must provide us with direct polling access to your POS System to allow us to review transactions in real time. You must store all data and information that we designate and report data and information in the manner we specify, including through our intranet, file exports, or other online communications or services. All data storage, phone line, internet service, any hosting services, communication software, internet email account and all additional hardware and software needed to implement and maintain these systems and services is at your cost.

We retain the right to make changes to the System Standards relating to any aspect of the Technology System or any related equipment or service at any time. You will, upon written notice from us, update the Technology System to the standards and specifications set forth in the Manuals or otherwise in writing by us.

Digital Marketing.

We or our affiliates, in our sole discretion, may establish and operate websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, Snapchat, TikTok, etc.), applications, keyword or adword purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, Living Social, etc.), mobile applications, online videos, display banner campaigns, e-mail marketing campaigns, or other means of digital advertising on the Internet or any other means of digital or electronic communications (collectively, "**Digital Marketing**") that are intended to promote the Marks, your Franchised Business, and the entire network of hoots wings® Restaurants. We will have the sole right to control all aspects of any Digital Marketing, including those related to your Franchised Business.

Unless we consent otherwise in writing, you may not, directly or indirectly, conduct or be involved in any Digital Marketing that use the Marks or that relate to the Franchised Business. If we do permit you to conduct any Digital Marketing, you must (i) comply with any Standards or content requirements that we establish periodically and must immediately modify or delete any Digital Marketing that we determine, in our sole discretion, is not compliant with such Standards or content requirements, (ii) only use materials that we have approved and must submit any proposed modifications to us for our approval, (iii) not use any Mark on any aspect of the Digital Marketing (including in any domain name, address, or account) except as we expressly permit, (iv) include any information that we require, and (v) include only the links that we approve or require. We retain the right to pre-approve your use of linking and framing between any Digital Marketing that you conduct and all other websites. If we consent to your use of the Marks (or words or designations similar to the Marks) in any domain name, electronic address, website, or other source identifier, we may register such names, addresses, websites, or identifiers and then license use of the registered item back to you under a separate agreement.

You must pay all costs due for registration, maintenance, and renewal of any such names, addresses, websites, or identifiers that we approve and maintain on your behalf. We retain the ownership of copyright to any of the materials that you may develop for use on the Internet. We may withdraw our approval for any Digital Marketing at any time.

Tables of Contents of Confidential Operations Manuals

The table of contents for our 289-page Manual is attached in Exhibit D.

Training

Our "**Initial Training**" program for hoots wings® Restaurants consist of 40 days of training for up to 3 persons. Your salaried General Manager is required to successfully complete the General Manager Training program. Initial Training takes place at a location we designate, which may be our headquarters in Atlanta, GA or at another location we designate (or partially at both). You and your required trainees must successfully complete the Initial Training to our sole satisfaction.

In addition to the above, at least one Owner, upon execution of the Franchise Agreement, must attend a 2-day owner immersion in Atlanta, GA. This 2-day immersion will take place as soon as practical (within 30 days) after the signing of the Franchise Agreement, unless otherwise agreed by us.

You may send up to 6 people to On-The-Job training as part of the Initial Training Program. We currently train additional personnel at no charge if space is available, but this policy is subject to change. If you are approved by us or our affiliate to train in a franchisee's certified training location, you are responsible for negotiating the training costs with the franchisee.

The following table summarizes our Initial Training program as of the date of this Disclosure Document (Franchise Agreement, Section 6.)

Hoots wings® General Manager Training			
Week and Skill	Hours of eLearning and VILTs	Hours of On-the-Job Training	Location
Week 1: Front of House Focus Server, Suggestive Selling, Hospitality Service Support, Cash Handling, and RAS	2	38-45	Training Store
Week 2: Front of House Focus Server Behind the Bar, Inventory, Kitchen Line Checks, Figure 8, Manager POS Functions, and Hooters Way Part 2 VILT	4	36-45	Training Store
Week 3: Front of House and Heart of House Focus FOH Training Review, Prep Station, and Make Up Station	2	38-45	Training Store
Week 4: Heart of House Focus Fry & Shake Station, Safety Awareness, Grill & Oven Station, and VILT	4	36-45	Training Store
Week 4: Heart of House Focus Risk Management, Emergency Response, Sell Station, and HOH Training Review	2	38-45	Training Store
Week 5-6: Putting it all Together Run a Successful Shift throughout the Week and VILT / Immersion Week: 6 Run Successful Shifts, Implementing Priority Matrix, Post Training VILTs – Successful Conversations and Culture of Respect	6	34-45	Training Store
TOTAL	20	220-270	

Managers And Operators — On The Job Training			
Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Orientation, History of hoots wings, Kitchen Classroom	8.0	3	Atlanta, GA or a Region nearer to you
Day Prep, Make-Up Station	2	20	Atlanta, GA or a Region nearer to you
Day Prep, Fry/Drop	2	20	Atlanta, GA or a Region nearer to you
Day Prep, Fry/Shake	N/A	22	Atlanta, GA or a Region nearer to you
Grill, Steamer/Stove	2	31	Atlanta, GA or a Region nearer to you
Sell, Review, Hands On Learning, Testing	N/A	39	Atlanta, GA or a Region nearer to you
Inventory minimum 2Times	N/A	10	Atlanta, GA or a Region nearer to you
Food Orders, receiving and storage guidelines, food quality and safety with receiving	N/A	6	Atlanta, GA or a Region nearer to you
Server Classroom, Administrative Procedures, Bar, Registers, Payables, Checkouts, Review, Project and Tests	2	53	Atlanta, GA or a Region nearer to you
MOD, Systems and Standards, Review and Projects	N/A	55	Atlanta, GA or a Region nearer to you
MOD, Systems and Standards, Review and Projects	N/A	55	Atlanta, GA or a Region nearer to you
TOTAL	16	314	

Opening Training For Staff			
Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
OTC Prep for Opening Training	8	N/A	Your Restaurant
Trainers Orientation & Prep	8	N/A	Your Restaurant
Orientation (Entire Staff)	6	N/A	Your Restaurant
Classroom (Kitchen and Host)	10	N/A	Your Restaurant
Bar Training #1, POS Training	10 hours	N/A	Your Restaurant
Classroom #1 (Servers)	Host/Staff: 10 hours	N/A	Your Restaurant
Image, Service Platform, Entertainment, Testing, (Host& Staff/Service Bar)	Bar: 10 hours	N/A	Your Restaurant
Bar Training #2, POS Training	10 hours	N/A	Your Restaurant
Classroom #2	Hosts/Staff: 10 hours	N/A	Your Restaurant
Menu & Beverage Knowledge, Testing	Bar: 10 hours	N/A	Your Restaurant
(Kitchen) Prep Off /Cook Off	11 hours	N/A	Your Restaurant
(Kitchen) Prep Back/Cook Back	11 hours	N/A	Your Restaurant
(Kitchen) Prep Back/Cook Back	11 hours	N/A	Your Restaurant
Mock Shift #1: (Servers, Host, Staff, and Kitchen)	N/A	13 hours (2 shifts)	Your Restaurant
Mock Shift #2: Computer Training (Servers, Host, Staff, and Kitchen)	N/A	13 hours (2 shifts)	Your Restaurant
Testing for all staff during Mock Shifts	4	N/A	Your Restaurant
VIP Party Set Up	TBD	TBD	Your Restaurant
VIP Party (Most of the Staff)	N/A	6 hours	Your Restaurant
Opening Day (Kitchen Staff)	N/A	9-10 hours (2-3 shifts)	Your Restaurant
Opening Day (Kitchen Staff)	N/A	7-9 hours (2 shifts)	Your Restaurant
TOTAL	129	48-51	

Explanatory Notes:

1. All training we offer, other than Initial Training, is offered on an as-needed basis. One or more of your personnel may already have significant experience in restaurant operations. If your personnel already have this experience, we may, in our sole discretion, modify our standard training to meet your particular needs. You should discuss this with us. We plan to be flexible in scheduling training to accommodate our and your personnel.

2. The materials we use for training will vary with the type of training. The materials may include e-learning modules, handouts, Power Point presentations, videos, and other media; and in-person training and coaching.

3. Cheryl Kish supervises franchisee training. Ms. Kish has 11 years of operational experience as a General Manager and Training General Manager and over 21 years of training experience Vice President of Human Resources & Training as well as a learning and development consultant. Ms. Kish has served as our Chief People Officer since June 2022 and, prior to that, she served as our Senior Vice President Organizational Effectiveness and Development from October 2019 to June 2022. In addition to Ms. Kish, franchisee training is conducted by Rebecca Moore. Ms. Moore has 3 years of operational training as an hourly manager and 1 year of training experience as Senior Manager of Learning & Development, 2 years as New Store Opening specialist, (and 7+ years supporting new store openings as a Trainer and Operations Training Coordinator), for a total of over 15 years with the brand.

Other training instructors include operations and corporate representatives who conduct training in their area of expertise. The length of experience of these instructors with us (or our affiliates) will vary from less than one year to over 20 years. We may change or rotate instructors to meet the particular needs of training participants or as our scheduling and operational needs require.

4. Opening Training: Your First Restaurant: For your first Hooters Restaurant, we will furnish up to 2 Opening Training Coordinators, 4 certified front-of-house trainers, and 2 certified bar trainers who will coordinate the training process and assist managers to open your first restaurant. We pay all compensation for the Opening Training Coordinators for a maximum of 14 days (including travel days). You are responsible for all travel and living costs and expenses related to your attendees' attendance at any of our training programs, as well as your attendees' salaries and benefit costs. If we provide training at your Hooters Restaurant, you must pay us the expenses of our trainers. These expenses include travel expenses, visa fees (where applicable), per diem, and lodging expenses. We choose the lodging based on proximity, availability, safety, cleanliness, and location in a business class or better. Currently, travel within 250 miles of a restaurant is by automobile, and drivers are paid the prevailing rate established by U.S. tax guidelines, and travel farther than 250 miles is by commercial airline with tickets at the class level we choose, subject to availability (air travel is booked by us). The Per Diem can be up to $60.00 per day, and is based on location and conversion rates, unless we approve some other amount in advance. We will provide you with invoices for amounts you owe us. We may require you to pre-pay all or a portion of the amounts we expect to incur. You must pay all amounts so that we receive the payment by the end of 30 days after we send you the invoice. Our training team's daily hourly wages vary from $225 - $275 based on team members' position and tenure and may include overtime. We may require you to pay these costs if you request and we provide training in addition to the maximum training described in this Item.

Opening Training: Your Second Restaurant and Additional Restaurants: For your second and any additional Hooters Restaurants, we may furnish up to 2 Opening Training Coordinators if we determine that providing these coordinators is advisable. These Opening Training Coordinators will coordinate the training process and assist managers to open the restaurant. We pay all compensation for the Training Coordinators, and you will pay all expenses as detailed above.

Before you open your second restaurant, you should have employees you designate from your first restaurant become certified trainers for your second and additional restaurants. We describe the certified training process in the Manuals. Our Opening Training Coordinators will then certify your designated employees as certified trainers prior to your opening your second or additional restaurants. They will then aid in conducting the training of new employees in your second or additional restaurants. You will be responsible for the costs and expenses of your certified trainers used in opening your second or additional restaurants.

5. Upon your request, but at our sole discretion or at our direction, we may provide or require you or your employees to attend additional training programs and refresher courses (at your expense) as we consider necessary. All additional training programs and refresher courses will take place at our headquarters, at a company-owned or certified franchised restaurant, at your Hooters Restaurant, or in a region we designate, or at some other location we designate. A franchisee training request should be submitted, in writing, at least 5 weeks prior to the date of the desired additional training.

ITEM 12

TERRITORY

Site and Protected Market Area

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands we control.

Site. The franchise is granted for a specific Site that must be approved by us. If your Site is not approved by us when you sign the Franchise Agreement, you must locate a suitable Site and obtain our approval of the Site in which it must be located.

Site Selection Area. The Site you select must be located within the Site Selection Area we designated. Site Selection Areas are generally chosen as one or more zip codes. You must secure the Site (e.g., sign the lease for the Site or close on the purchase of the Site) by the Site Acquisition Deadline, which is 180 days from the date the Franchise Agreement is signed.

If you fail to meet the Site Acquisition Deadline, then we may terminate the Franchise Agreement. If we terminate the Franchise Agreement, we do not provide any refunds of fees or monies paid.

Protected Market Area. We will also designate a Protected Market Area for your Franchised Business. If your Protected Market Area is not designated when you sign the Franchise Agreement, we will designate it in our sole discretion within 10 days of our approval of your Site. As long as you are in compliance with the Franchise Agreement, we will not grant a franchise for, nor ourselves operate, a hoots wings® Restaurant from a fixed location within your Protected Market Area. Other than your right to operate a hoots wings® Restaurant at the Site and to offer

and sell the Products and Services for dine-in, take-out, and delivery within the Protected Market Area, we do not grant you any territorial rights whatsoever (unless you sign a Development Agreement). The Protected Market Area also does not grant you any territorial rights relating to Hooters restaurants, and Hooters restaurants owned by us, our franchisees or you may operate and be located inside or outside of your Protected Market Area. We are not obligated to compensate you in any manner if they do so.

Unless otherwise negotiated, Protected Market Areas are the geographic areas we designate in our sole discretion. There are or may be no particular or consistent shapes or sizes of the Protected Market Areas. Protected Market Areas are not uniform among franchisees, are irregularly shaped, and determined by us by our using various mapping software, like Google maps along with US Census data and other demographic data we chose. We do not represent or guarantee that any Protected Market Area will have any minimum number or persons residing or working in it.

Factors that influence our approval of Sites and our grant of Protected Market Areas include the overall density of both residential and daytime population proximity of the Site to the malls, shopping centers, business parks, industrial parks, airports, traffic count, speed of traffic, consumer patterns, access to the Site, and competition in the Protected Market Areas. We have no obligation whatsoever to provide you a Protected Market Area with a certain minimum number of people.

Your Protected Market Area also will depend on or vary if your hoots wings® Restaurant is located within an urban or non-urban location or on what we consider to be a high foot or vehicle traffic corridor (as those terms are defined by us in our sole discretion). If your hoots wings® Restaurant is in an urban location or on a high traffic corridor (as we determine), you may not be granted any Protected Market Area, or may be granted a Protected Market Area of far more limited geographic scope. If we terminate the Franchise Agreement you will lose all your rights to your Protected Market Area for the hoots wings® Restaurant under that Franchise Agreement.

Delivery Services

You must provide delivery services to end user customers through Third-Party Delivery Providers or any other delivery methods as we periodically prescribe in writing.

You will not receive any exclusive or protected delivery area around your Hooters Restaurant for engaging in delivery of the Products and Services ("**Delivery Services**"). We and our affiliates may provide, and/or allow our or their franchisees and third parties to provide, delivery services to customers located in your Protected Market Area (and elsewhere) without any restrictions whatsoever. We will establish from time to time System Standards that may require you to concentrate your Delivery Services within your Protected Market Area, or some other geographic area we designate or approve from time to time "**Delivery Area**." We have the right, in our sole discretion to prohibit you from engaging in Delivery Services or for using Third Party Delivery Services to deliver the Products and Services outside of your Delivery Area. Our System Standards may require you to direct customers for Delivery Services outside of your Delivery Area to other hoots wings® Restaurants or decline to sell the Products and Services to them. Our System Standards as they relate to Third-Party Delivery Providers may permit them to direct and allocate delivery services customers among delivery service areas they or we may designate. Because of the evolving nature of the food to go/delivery service sector, these System Standards for Delivery Services may change and evolve at any time and in our sole discretion. We will not

be liable for any reduction in your sales as a result of these Delivery Services or our System Standards for engaging in delivery activities.

Relocation

You may not relocate your hoots wings® Restaurant without our prior written consent. We have a relocation policy that requires you to open your relocated restaurant within 6 months of closing your hoots wings® Restaurant. We have not established a set of conditions or criteria under which we evaluate relocation requests. Provided that you are in compliance with the Franchise Agreement, we evaluate relocation requests based on our judgment about your need to relocate and the best interests of the System. Although we may assist you in selecting a replacement location, and although we must accept the location before you begin construction or renovation of any restaurant, you are solely responsible for selecting the replacement location and negotiating the lease or purchase terms. You also are responsible for construction or renovation of the restaurant and for ensuring that it is constructed consistent with the site plan we approve and other plans and specifications we designate.

Development Agreement

If you enter into a Development Agreement, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands we control.

If you sign a Development Agreement with us, we will grant you a geographic area in which you may develop a predetermined number of hoots wings® Restaurants. We refer to this geographic area as your "**Development Area**." You and we will agree on the boundaries of the Development Area before you sign the Development Agreement. The size of the Development Area is negotiated and varies for metropolitan statistical areas, groups of zip codes, or other municipal or geographic boundaries.

So long as you are in compliance with the Development Agreement, we will not develop a hoots wings® Restaurant operating from a fixed location in your Development Area, and we will not authorize anyone else to do so, subject to Reserved Facilities exclusions and Alternative Channels of Distribution. Your territorial protections to the Development Area will not apply to any hoots wings® Restaurant that have been previously granted rights, which have Sites or the right to have Sites in the Development Area, or if we or our affiliate(s) currently operate one or more hoots wings® Restaurants at Sites in the Development Area (individually or collectively, "**Pre-Existing Sites**"). If there are any Pre-Existing Sites in your Development Areas, we will list them on Schedule A your Development Agreement on request.

Your development of additional Restaurants in the Development Area will proceed according to your "**Development Schedule**." The Development Schedule will be attached to the Development Agreement as Schedule A. If you fail to meet the Development Schedule, we can terminate the Development Agreement and your rights under it or, at our option, eliminate or terminate protections to your Development Area.

Your rights to the Development Area end, at the earlier of: (i) the termination of the Development Agreement due to your noncompliance with the Development Schedule; or (ii) the opening of the last hoots wings® Restaurant you are required to develop under the Development Schedule. For each hoots wings® Restaurant that you must develop, you will execute our then-current form of Franchise Agreement, which may have different terms than the form of Franchise Agreement

attached to this Disclosure Document. Your territorial rights, if any for each hoots wings® Restaurant under the Development Schedule are governed by the terms of those Franchise Agreements. Except for the rights provided in the Development Agreement and your Franchise Agreements, you have no options, right of first refusal, or similar rights to acquire additional franchises or to establish additional hoots wings® Restaurants of any kind.

The Development Area does not grant you any territorial rights relating to Hooters restaurants, and Hooters restaurants owned by us, our franchisees or you may operate and be located inside or outside of your Development Area. We are not obligated to compensate you in any manner if they do so. If we terminate your Development Agreement, you will lose all your rights to your Development Area, except for the Protected Market Area of any of your hoots wings® Restaurants then open in your Development Area or for which you have executed a Franchise Agreement.

Except as described above, you have no territorial rights or exclusivity.

Rights We Retain

Under the Franchise Agreement and Development Agreement, we (and our affiliates) retain the right in our sole discretion to:

A. Own, acquire, establish, and/or operate and license others to establish and operate, hoots wings® Restaurants at any location outside your Protected Market Area notwithstanding their proximity to the Protected Market Area or the Site or their actual or threatened impact on sales at your hoots wings® Restaurant;

B. Own, acquire, establish, and/or operate, and license others to establish and operate, hoots wings® Restaurants under the Marks at Reserved Facilities at any location within or outside your Protected Market Area. The term "**Reserved Facilities**" refers to airports; hotels; department stores; supermarkets; cultural institutions (examples include theaters, museums, art centers and educational facilities); casinos; military bases; sports and entertainment venues and stadiums; and business and industrial complexes and offices at which the food services are managed by service providers with national or international operations.

C. Own, acquire, establish, and/or operate and license others to establish and operate businesses: (a) using the Marks (but not the "hoots wings®" mark) and other marks in connection with the operation of the businesses; (b) which businesses may be similar to or different from hoots wings® Restaurants; and (c) which may be located within or outside the Protected Market Area, despite the proximity of these businesses to the Site (but this clause will not allow us to operate or license others to operate a hoots wings® Restaurant from a fixed location inside the Protected Market Area, unless at a Reserved Facility). For the avoidance of doubt, certain of our affiliates may own, establish, and/or operate, and license others to establish and operate restaurants using the "Hooters®" mark inside the Protected Market Area. As between you and us, our affiliates and we retain all rights with respect to the licensing, franchising, development and operation of Hooters® restaurants, or their products, services intellectual property or the like regardless if located or operating for take-out, delivery, wholesale, retail or on line sales anywhere ("**Hooters Activities**"). hoots wings® Restaurants are not Hooters restaurants. Our permitting you to use any trademarks service marks, copyrights or other intellectual property also used in Hooters Activities for any reason temporary or permanent, does not make your hoots wings® Restaurant part of Hooters Activities or a Hooters restaurant. We have sole

discretion to determine what constitutes Hooters Activities as compared to the operation of a hoots wings® Restaurant, and no rights, duties, covenants, promises or obligations in the Franchise Agreement or Development Agreement in any way restrict Hooters Activities anywhere, or grant you any rights or protections of any kind with respect to any Hooters Activities;

D. Market, sell and distribute, directly or indirectly, or license others to sell and to distribute, directly or indirectly, any goods, services or products (including, without limitation, the Products and Services), whether or not bearing the Marks or using the System, from any location (in the Protected Market Area or elsewhere) to any business or customer, including, without limitation, through retail kiosks, grocery or convenience stores or other retail outlets, and any other distribution channels without any compensation or obligation to you (including, without limitation, through retail, wholesale, mail order, delivery services, toll free numbers, or the Internet) ("**Alternative Channels of Distribution**"); however, this clause will not allow us to operate or license others to operate a hoots wings® Restaurant from a fixed location within the Protected Market Area under: (a) the System; and (b) the Marks, unless permitted at a Reserved Facility;

E. Own and operate, or license others to own and operate, hoots wings® Restaurants located in the Protected Market Area that we or an affiliate purchases, or as to which Hoots Franchising or an affiliate purchases the rights as a brand owner, as part of another chain with locations both within and without the Protected Market Area, and that are converted to operate as hoots wings® Restaurants; and

F. Engage in any act or exercise any right not expressly and exclusively provided to you under the Franchise Agreement.

You will not receive payment of any compensation from any of this competition. Again, the rights we and our affiliates retain, described above, do not in any way restrict our affiliates' ability to operate or grant others the right to operate Hooters restaurants anywhere and to provide delivery services by them anywhere.

Hooters Restaurants

As described in Item 1, our affiliate owns and operates Hooters restaurants. You may or will directly or indirectly compete with the Hooters restaurants and any Hooters branded ghost kitchens that are located near your hoots wings® Restaurant. HOA Franchising shares our principal business address, and we and HOA Franchising do not plan to maintain physically separate offices and training facilities for each franchise system. We have no formal process in place for resolving conflicts that might arise between your hoots wings® Restaurant and the Hooters® Restaurants or Hooters restaurants owned and operated (now and in the future) by our affiliates and related companies in terms of area of operation, customers, and franchisor support. As between you and us, we and our affiliates retain all rights with respect to Hooters Activities. We have sole discretion to determine what constitutes Hooters Activities as compared to the operation of a hoots wings® Restaurant, and no rights, duties, covenants, promises or obligations in the Franchise Agreement or Development Agreement in any way restrict Hooters Activities anywhere, or grant you any rights or protections of any kind with respect to any Hooters Activities. For planning purposes, you should also assume that we or an affiliate will form or acquire other businesses, and that we or the affiliate will expand those other businesses, inside and outside your Protected Market Area. This expansion may be through the development of company-owned or affiliate-owned businesses, or through franchising.

We do not operate, franchise, or have present plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those you will sell, but we may do so in the future.

Advertising

You may solicit and serve guests who are from inside or outside your Protected Market Area. Other than restrictions we impose on Delivery Services, there are no restrictions on you, any of our other franchisees, or us to prevent any party from soliciting or serving guests from anywhere. You may receive on-line, telephone, text, or other orders from anyone located anywhere for Products and Services to be purchased at, consumed at, or picked up at your Hooters Restaurant.

You may advertise your Hooters Restaurant anywhere you choose subject to our System Standards. Currently, our System Standards may limit you advertising your hoots wings® Restaurant by certain billboards or other advertisements in another hoots wings® Restaurant's Protected Market Area or by unapproved Third-Party Delivery Services and other non-Approved Suppliers.

No party is obligated to pay compensation to any other party for soliciting or serving guests from the other party's Protected Market Area, including the Protected Market Area of a hoots wings® Restaurant we operate. Because most solicitations will take the form of advertising in print or visual media, and because you often cannot restrict certain types of advertising to a small area, the advertisements will reach an audience outside your Protected Market Area. As a practical matter, however, in general we establish Protected Market Areas with the expectation that most guests of a hoots wings® Restaurant will either live or work within the Protected Market Area surrounding the Restaurant.

We have not established any minimum sales quota and do not require any specific level of sales volume or market penetration in order for you to maintain your rights to your Protected Market Area or Development Area. We will not reduce the size of your Protected Market Area or Development Area even if the population in them increases. Likewise, we will not expand their size if the population in them decreases.

ITEM 13

TRADEMARKS

We grant you a license to operate a Restaurant under the trade name "Hoots" and to use the other Marks we designate with the Hoots System. Our affiliate, HILP, owns the Marks, and licenses them to us under an IP License Agreement dated February 15, 2019 (the "License Agreement"), with the permission to use the Marks and to sublicense the Marks to you. We will sublicense the Marks to you, and you will use them along with the other components of the Hoots System.

The following is a list of the principal trademarks HILP owns that you may use with your Franchise, subject to your use conforming to the Franchise Agreement, the Confidential Operations Manuals, and other directives. These Marks are registered or pending registration on the Principal Register of the United States Patent and Trademark Office (the "PTO"):

Proprietary Mark	Date Registered or Filed	Registration No./ Serial No
HOOTS®	April 18, 2017	Registration No. 5187016
HOOTS WINGS®	May 18, 2021	Registration No. 6352644
HOOTS WINGS BY HOOTERS®	April 26, 2022	Serial No. 97382998
HOOTS' ROOST	December 29, 2021	Serial No. 97195607
	N/A	N/A

Although we have registered our principal and most prominent Marks, we do not have a federal registration for our logo service mark, above (the "Logo"), or for the "HOOTS WINGS BY HOOTERS" or "HOOTS' ROOST" word marks (the "Unregistered Word Marks"). However, our registered HOOTS® mark is the predominant feature of the Logo, and we may combine the Logo's design with our Marks as we consider appropriate. Since our Logo and the Unregistered Word Marks are not registered, they do not have as many legal benefits and rights as a federally registered trademark. If our right to use the Logo or the Unregistered Word Marks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

HILP has filed all affidavits that were due as of the date of this Disclosure Document. HILP intends to file affidavits of use, affidavits of incontestability, and renewals, when due, for all of the Marks listed above; however, HILP may allow its rights to any Mark to lapse where it chooses to do so.

There are no currently effective determinations of the PTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, nor are there pending infringement, opposition, or cancellation proceedings, nor any pending material litigation, involving the Marks that may be relevant to your use of the Marks in any state in which we license you to operate.

The License Agreement gives us the right to use and sublicense the System (including the Marks, whether then existing or later created) in connection with the operation of restaurants in the United States and internationally. The License Agreement has a term of 99 years. HILP may terminate the License Agreement only on notice to us and only if we fail to fully remedy a material violation of our obligations under the License Agreement. But all Franchise Agreements signed before the termination of the License Agreement will not be affected and the franchisees will become direct licensees of HILP.

The License Agreement requires us to maintain the System Standards with regard to menus, food products, entree formats, recipes, uniforms worn by staff, and other specifications of the System. HILP has the right to inspect proposed locations and hoots wings® Restaurants. HILP has the right to determine, approve, and supervise the quality of the service, the food products and ingredients, and the method of preparation of all products sold in each hoots wings® Restaurant. The License Agreement also requires us to enforce each Franchise Agreement, particularly as to matters of compliance with the System.

You must comply with all our specifications, requirements, and instructions with respect to your use of the Marks. You may use the Marks only in connection with the operation of your hoots wings® Restaurant. When the Franchise Agreement ends, your license to use the Marks ceases automatically without payment of any compensation to you, and you keep no rights related to the Marks. You may not take any action to question or contest our rights to license the Marks. You may not use the Marks with the sale of any unauthorized product or service or in any other way the Franchise Agreement does not authorize or that we do not expressly approve in writing. You may not use all or any portion of the Marks as part of your company name. You must comply with our instructions in filing and maintaining the required trade name or fictitious name registrations, and you must execute any documents we believe are necessary to obtain protection for the Marks or to maintain their continued validity and enforceability. Unless approved by us, you may not grant consent for any Third-Party Delivery Provider or other third party to advertise or promote its own products or services using the Marks.

There are no agreements in effect, other than the License Agreement, that significantly limit your right to use the Marks.

We are aware of one restaurant using the name "hoots" located in Snowshoe, West Virginia under the name Hoots Bar and Grill. As of the date of this Disclosure Document, we have not yet sent them a cease and desist letter but may do so in the future. Other than this restaurant, we know of no infringing uses that could materially affect our existing use, or your potential use, of the Marks. We are not obligated by the Franchise Agreement, or any other document or agreement, to protect any rights we grant you to use the Marks or to protect you against claims of infringement or unfair competition because you use the Marks. However, we have taken and will take all steps reasonably necessary to preserve and protect the ownership and validity of the Marks when it is in our best interests to do so.

If a party threatens or commences litigation involving the Marks or System against you, you must promptly notify us. We are not obligated to take over defense of the case; however, if we do so, we will control the defense, and you must cooperate fully with us in defending or settling the litigation.

The license we grant you to use the Marks is contained in the Franchise Agreement. The License is non-exclusive, in that we and HILP retain:

1. The right to use the Marks in connection with selling products and services;

2. The right to grant other licenses for the Marks, in addition to those licenses already granted to existing franchisees;

3. The right to develop and establish other systems using the same or similar marks, or any other Marks, and to grant licenses or franchises without providing any additional rights or any compensation to you;

4. The right to produce, distribute, and sell products bearing the Marks, including selling products through wholesale or retail outlets, even if the outlets are located in your Protected Market Area; however, we cannot do so through another hoots wings® Restaurant operating from a fixed location in your Protected Market Area (with the exception of Reserved Facilities) as long as you are in compliance with your Franchise Agreement; and

5. All other rights we do not grant you in the Franchise Agreement.

If a licensed Mark is no longer used for any reason, including an infringement action or our decision that the Mark no longer benefits the System, we may substitute different marks for use in identifying the System and the Hooters Restaurants. If we do so, you must make the substitution at your sole cost and expense. We will not reimburse you for any loss of revenue because of the change. We have no plans at this time to change the hoots wings® name.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents

We do not own any rights in or to any patents that are material to your hoots wings® Restaurant.

Copyrights

We do not own any rights in or to any registered copyrights that are material to your franchise. We claim copyright protection and proprietary rights in all copyrightable aspects of the System, including our Manuals, our website, correspondence and communications with you or other franchisees relating to the System, training, advertising and promotional materials, recipes, menu boards, product descriptions and other written materials used in operating a hoots wings® Restaurant.

We and HILP may copyright various training, advertising, and promotional materials. Other than the License Agreement, there are no agreements in effect that significantly limit our right to use or license any copyrighted materials. Our right to franchise the System depends on us complying with the terms of the License Agreement. Under the License Agreement, we are obligated to adhere to and enforce the standards of the System that HILP maintains with respect to the menus, food products, entree formats, recipes, uniforms, work by the staff, and other specifications.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. There are no infringing uses actually known to us which could materially affect use of the copyrighted materials in any state. We are not required by any agreement to protect or defend copyrights or confidential information, although we intend to do so when we determine doing so is in the best interest of the System. We need not participate in your defense and/or indemnify you for damages or expenses in proceedings involving a copyright.

Proprietary Information

We have proprietary rights to the contents of our Manuals and to all other materials and information we create or use in the development and operation of the System. These items include our training materials, marketing programs, site selection criteria, plans and specifications for hoots wings® Restaurants, standards, methods, procedures, newsletters, policies, strategies, expansion plans, supplier lists, supplier price lists, buying strategies, advertising strategies, and all other materials, goods, and information we create or use and designate as confidential. They also include items that one would reasonably expect to be confidential, even if we do not expressly designate them as confidential. We refer to this material as the "**Confidential Information**." We claim trade secret protection in the recipes that are part of the System.

You must not, during the term of the Franchise Agreement or Development Agreement and after the applicable term ends, communicate, divulge, or use for the benefit of any other party any confidential information, knowledge, know-how, or techniques concerning our secret recipes or methods of operation of System and your hoots wings® Restaurant that you learned while you were our franchisee. You may divulge the Confidential Information only to your employees who need the information to operate your hoots wings® Restaurant. All information, knowledge, know-how, and techniques that we designate as confidential will be deemed confidential, except information that you can demonstrate came to your attention before we disclosed it to you; or which, after we disclosed it to you, became a part of the public domain through publication or communication by others. You must not at any time, without our prior written consent, make available in any way any of these materials or information to any unauthorized person.

If you or your owners develop or learn of any new ideas, concepts, processes, techniques or improvements relating to the operation or promotion of your hoots wings® Restaurant, you must promptly notify us and give us all necessary information about the ideas, concepts, processes, techniques or improvements, without compensation. These ideas, concepts, processes, techniques, or improvements will be considered our property (or if we designate, the property or HILP) and part of the System and will be considered works made-for-hire for us. You and your owners must sign whatever documents we request to evidence our or HILP's ownership or to assist us or HILP in securing intellectual property rights in these ideas, concepts, processes, techniques, or improvements.

The Franchise Agreement does not require you to notify us of any unauthorized use of our Confidential Information, although we hope you will. We are not required to take legal action where there has been an unauthorized use of our Confidential Information. We do not have to participate in your defense or indemnify you for damages or expenses you pay if you are a party to any judicial or administrative proceeding involving your use of our Confidential Information.

You must conduct your business in accordance with our Manuals. We will loan you one copy (or otherwise make available to you in electronic form) of the Manuals for the term of the Franchise Agreement. You must at all times treat the Manuals, any other manual, electronic media, video, podcast, webinar, e-mail announcements, and other materials created for or approved for use in the operation of your hoots wings® Restaurant, and the information in them, as confidential, and must use your best efforts to maintain this information as secret and confidential. The Manuals will at all times remain our sole property. You must keep the Manuals in a safe place on the premises of your hoots wings® Restaurant, and safeguard them electronically, as well as any password and usernames to access them, and you must keep your copy of the Manuals current and up to date. The electronic copy of the Manuals we make available to you will be deemed the most up to date version of the Manuals.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Your attention to the daily operation of your hoots wings® Restaurant is important for the success of the restaurant. As a result, you and your designated General Manager, who may be the same person, must participate personally in the management and operation of the Restaurant by devoting your and the General Manager's full time, energy, and best efforts to its operation and promotion.

Only individuals who have successfully completed our Initial Training program (or whom you have trained if we have certified you to train additional employees), and who have successfully completed any additional training programs we may reasonably require, may manage your hoots wings® Restaurant. Aside from your General Manager, we do not require your other supervisors to successfully complete our training program. We do not require your General Manager to have any equity interest in your business. If you are a business entity like a corporation, partnership or limited liability company, your General Manager must be approved by us. Your General Manager must have the authority to speak with us on your behalf and make an agreement between us and you on your behalf.

If you are a business entity like a corporation, partnership, or limited liability company, we refer to certain individuals who own any equity in you as your "**Owners**." An Owner is: (i) a natural person who owns or holds any equity of you; and (ii) a natural person who owns or holds any interest in any business entity that holds any equity interest in you. If there are no such natural persons, your Owner is an equity holder who "owns" equity whether the ownership is direct, indirect, or beneficial. Owners also include spouses of Owners, unless no marital assets are used to qualify for financing to develop or operate the franchise.

If you are a business entity, your Owners must sign an Owners Guaranty, a form of which is attached to this Disclosure Document as Schedule F of Exhibit A and as Schedule D of Exhibit B. The Owners Guaranty requires those who sign it to assure us that they will pay all monetary obligations under the Franchise Agreement, that they will fulfill all your other obligations under the Franchise Agreement, and that they will each be individually bound by the terms of the Franchise Agreement and Development Agreement, if applicable, including for example, the confidentiality and non-competition covenants in each agreement. If any of the direct or indirect assets of spouses or life partners of Owners, jointly owned, tenancy by the entities or individual or used by the Owners to qualify financially for the purchase of the hoots wings® Restaurant(s), or they will participate in the management or operating of you or the hoots wings® Restaurant(s) we may treat them as Owners and require those spouses or life partners to sign the Owner's Guaranty.

Your management personnel and any employee who has access to our Confidential Information must sign a confidentiality and non-competition agreement in a form that we have approved.

The confidentiality and non-competition agreement prohibits the individuals who sign it from reproducing or distributing our Confidential Information. It also requires the individuals to maintain at least the same level of security for our Confidential Information as you maintain for your own. After the Franchise Agreement or Development Agreement expires or is terminated, the confidentiality provisions of the confidentiality and non-competition agreement must remain in force for the lesser of two years or the longest time permitted by applicable law. Confidential Information about our food and beverage recipes, lists of ingredients, and preparation and serving instructions will remain secret and confidential forever. The covenants not to compete in the confidentiality and non-competition agreement must prohibit employees who sign it from competing with you and us during the term of their employment and for 2 years after your employment of them ends.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer all Products and Services we designate in our sole discretion. But, we may designate some Products and Services as optional items. If we do so, they will be specified in our Manuals as optional items. You may offer these optional items, but we do not require you to do so. We have no established criteria that you must satisfy before we permit you to offer optional items.

You must offer only the Products and Services and may not offer any product or service that we have not approved. If you desire to purchase or sell any products or services that we have not previously approved, you must submit a written request to us for approval and follow the procedure described in Item 8 of this Disclosure Document.

We have the right to add to, delete from, and modify our list of required, optional, and approved Products, Services Restaurant Items, and Approved Suppliers. We may approve an unapproved item or supplier and make it required or optional. We may make an optional item or supplier required or unapproved. We may make a required item or supplier optional or unapproved. We may add additional items or suppliers to any category and there are no limits on our right to do so.

You must conduct the business in your Hooters Restaurant as required in the Manuals. You may use the restaurant premises only for the operation of a Hooters Restaurant. You may not allow slot machines, gambling devices, electronic or manual games, pool table or juke boxes or any coin-operated vending machine, online gaming, gambling or the like to be located at the Hooters Restaurant except as described in the Manuals or as we otherwise approve in writing.

We do not limit you in the guests to whom you may sell Products and Services. You may solicit any guests, no matter who they are or where they are located; however, all sales of Products or Services must be at your Hooters Restaurant unless we authorize you, in writing, to offer them at another location or by delivery. We may designate maximum and minimum retail prices to the extent permitted by governing law.

You must provide delivery services in compliance with the Manuals and the System standards that we periodically specify, but only directly to end user customers through Third-Party Delivery Providers or any other delivery methods as we periodically prescribe in writing. You must comply with the standards for independent third-party ordering and delivery services we periodically establish, including using the food containers, thermal bags or other storage devices we may designate, providing a reasonable amount of additional condiments, napkins and utensils as deemed appropriate, sealing the delivery bags with the appropriate tamper-evident sticker or other approved methods, and ensuring the food safety, quality and temperature maintenance of the products.

You may not engage in any trade practice or other activity, sell any product, or offer any service that is harmful to the goodwill or the reputation of the System. You may not engage in deceptive or unfair trade practices. You may not violate any applicable law, governmental rule or regulation. These limitations are tied closely to the Hooters image and other Marks, purpose, and marketing strategy, and if you were to change any of these, you would fundamentally change the nature of the business conducted at all Hooters Restaurants.

We have the right to modify System Standards which may accommodate regional or local variations, and any such modifications may obligate you to invest additional capital in the Hooters Restaurant ("**Capital Modifications**") and/or incur higher operating costs. We will give you 30 days to comply with Capital Modifications but if a Capital Modification requires an expenditure of more than $15,000, we will give you 60 days to comply. Otherwise, there is no limit on your requirement to make Capital Modifications. Capital Modifications are in addition to costs you incur to repair, replace, refurbish, and maintain your Hooters Restaurant. In addition, Capital Modifications do not include expenditures you are required or choose to make to comply with applicable laws, governmental rules or regulations (e.g., ADA compliance).

ITEM 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP

These tables list certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

FRANCHISE AGREEMENT

Provision	Section in Franchise (or Other Agreement if applicable)	Summary
a. Length of the franchise term	Section 2.1 of Franchise Agreement Section 4 of Development Agreement	10 years after the opening of the Restaurant. Development Agreement term is as set forth in the Development Schedule.
b. Successor Franchise or extension of the term	Section 2.2 of Franchise Agreement	2 5-year terms.
c. Requirements for you to renew or extend	Section 2.2 of Franchise Agreement	You must: (i) give us notice of your request to renew; (ii) pay us a Successor Franchise Fee in the amount of 33.3% of the then-current initial franchise fee for new franchisees, or if greater, $12,500; (iii) be in compliance with your agreements with us and our affiliates; (iv) have been in substantial compliance with the Manuals, during the Initial Term; (v) are current with respect to your obligations to you lessors, suppliers and other third parties; (vi) enter into our then-current form of franchise agreement for Successor Franchisees (or, if not available, our then-current form of franchise agreement for new franchisees), which may contain terms that vary materially from the terms of the Franchise Agreement; and (vii) together with your Owners, enter into a release in substantially the form attached as Exhibit C to this Disclosure Document.

Provision	Section in Franchise (or Other Agreement if applicable)	Summary
d. Termination by you	None	You do not have the right to terminate.
e. Termination by us without cause	None	We do not have the right to terminate without cause.
f. Termination by us with cause	Sections 1 and 14 of Franchise Agreement Section 6 of Development Agreement	We can terminate only if you default
g. "Cause" defined – curable defaults	Section 14 of Franchise Agreement Sections 6.3 and 6.4 of Development Agreement	(i) fail to pay any moneys owed to us; (ii) you fail to pay any monies owed to third parties, including your lenders or landlord; (iii) operate the Franchised Business in a manner resulting in a threat or danger to public health; (iv) sell unauthorized products or purchase products from an unapproved supplier; (v) fail to comply with all laws; (vi) default under any other agreement with us or our affiliates; (vii) understate your sales in any payment to us by 4% or more; (viii) fail to operate the Franchised Business during mandatory operating hours; (ix) are unable or unwilling to provide an individual to act as your manager and who is able to complete required training; (x) fail to submit insurance certificates; (xi) fail to maintain health and sanitation standards; fail to comply with our standards and Manuals; (xii) you fail to comply with any other provision of the Franchise Agreement. Developer (i) fails to pay monies due to us or our affiliates; (ii) fails to comply with applicable laws; or (iii) fail to cure any other curable default.
h. "Cause" defined – non-curable defaults	Sections 14.1 and 14.2 of Franchise Agreement	You cannot cure defaults that occur where you: (i) are insolvent; (ii) fail to acquire a site for your Franchised Business within prescribed time; (iii) fail to open within the prescribed time; (iv) cease to operate for 5 consecutive days; (v) are convicted of certain crimes; (vi) improperly transfer your rights under the Franchise Agreement or otherwise violate the transfer restrictions in the Franchise Agreement; (vii) fail to comply with non-competition agreement or fail to obtain individual non-competition agreements; (viii) disclose our Confidential Information or Trade Secrets; (ix) maintain

Provision	Section in Franchise (or Other Agreement if applicable)	Summary
		false books or records, or submit any false reports to us; (x) default under the Franchise Agreement 2 or more times during any 52-week period, whether or not you cure the defaults; (xi) engage in fraudulent, unfair, unethical or deceptive conduct; (xii) offer or provide delivery services from your Franchised Business through a provider other than a Third-Party Delivery Provider or any other method that has not been prescribed by us; (xiii) lose your interest in the lease or sublease for the Franchised Business; or (xiv) misuse or make unauthorized use of our Marks. You cannot cure defaults that occur where you: (i) are insolvent; (ii) fail to meet your Development Schedule; (iii) have any of your Franchise Agreements terminated; (iv) breach any Franchise Agreement 3 or mor times in any 12 month period
i. Your obligations on termination/ nonrenewal	Section 15 of the Franchise Agreement	You must: (i) cease to operate Restaurant; (ii) cease to use the Confidential Information and Marks; (iii) de-identify; (iv) cancel assumed name or other registrations; (v) pay all sums owed to us or our affiliates before termination or nonrenewal; (vi) as compensation for lost future royalties, pay to us liquidated damages; (vii) return all of our property (including our Manuals and other Confidential Information); (viii) give us all your information related to operating the business; (ix) inventory all assets of business to permit us to exercise our option to purchase the assets if we want; and (xii) transfer your liquor licenses (if applicable) and telephone number to us; (x) pay to us all of our actual and consequential damages associated with the breach of any noncompetition, confidentiality or trade secret covenants, or harm to our Marks and goodwill; (xii) pay to all of our attorneys' fees, costs and expenses associated with enforcing our rights against you.
j. Assignment of contract by franchisor	Section 13.1 of Franchise Agreement Section 7.1 of Development Agreement	No restriction on our right to assign.

Provision	Section in Franchise (or Other Agreement if applicable)	Summary
k. "Transfer" by you – defined	Section 13.2 of Franchise Agreement	Includes transfer of contract or assets or any ownership change (except certain permitted transfers). Includes transfer of the Franchise Agreement, any interest in the Franchise Agreement, the license to use the System and the Marks, the Franchised Business or substantially all of the assets of the Franchised Business, or an interest in the ownership of the franchisee (if you are an entity)
	Section 7.2 of Development Agreement	any direct, indirect, or beneficial interest of (a) Developer; (b) the Development Agreement; or (b) the rights and obligations of Developer under the Development Agreement
l. Our approval of transfer by you	Section 13.2 of Franchise Agreement Section 7.2 of Development Agreement	Neither you nor other owners of the interests described in k. above can transfer without first obtaining our written approval.
m. Conditions for our approval of transfer	Section 13.2 of Franchise Agreement	For any transfer, we may require: (i) the payment of any amounts due; (ii) compliance with the Franchise Agreement and any other agreements with us or our affiliates; (iii) you submit an application for our approval and pay the Transfer Application Fee; (iv) compliance with a transfer and assignment agreement, which includes a release; (ix) signing of the then-current form of Franchise Agreement and related agreements, which may contain terms that differ materially from the current Franchise Agreement; (x) payment of transfer fee of 50% of then-current initial franchise fee (or $2,500 for a non-controlling interest or to entities you own or control); (xi) renovate the Restaurant; (xii) completion of training programs by transferee and its manager; (xiii) assuming the lease, or sublease, the premises.
	Section 7.2 of Development Agreement	(i) Transfer of the Development Agreement is made in conjunction with a simultaneous transfer of all comparable interests held by the transferor under all the applicable Franchise Agreements; and (ii) Developer has satisfied all requirements for transfers in the Franchise Agreements

Provision	Section in Franchise (or Other Agreement if applicable)	Summary
n. Our right of first refusal to acquire your business	Section 13.4 of Franchise Agreement	We have 30 days to match any offer. We may substitute cash for any form of payment at a discounted amount if an interest rate will be charged on any deferred payments, our credit will be deemed equal to that of any proposed purchaser, we will have no less than 90 days to prepare for closing and we receive all customary representations and warranties, as we specify.
o. Our option to purchase your business	Section 15.6 of Franchise Agreement	If the Franchise Agreement is terminated or expires without renewal, we have the option to purchase any or all of the assets of the Restaurant at an agreed value as determined between you and us. If we cannot agree, the agreed value will be fair market value. See Franchise Agreement for the calculation of fair market value.
p. Death or disability of franchisee	Section 13.5 of Franchise Agreement	Within one year from your death or incapacity, you must transfer all rights and interests to a transferee who complies with the transfer requirements in m., above.
q. Non-competition covenants during the term of the franchise	Sections 9.3 and 15.3 of Franchise Agreement Section 8.3.3 of Development Agreement	You must not be involved in a competing business anywhere or divert business from your Franchised Business or the System. A competing business generally means a similar type of business that offers chicken wings, chicken sandwiches, chicken tenders or salads in a fast casual or counter service environment.
r. Non-competition covenants after the franchise is terminated or expires	Sections 9.3 and 15.33 of Franchise Agreement Section 8.3.4 of Development Agreement	You must not have any involvement in any competing business for 2 years and will not (i) engage in competing activity (i.e., being involved, directly or indirectly, in a competing business) within your current or former Protected Area(s), or within a 10 mile radius of any other hoots wings Restaurant; or (ii) divert business from the Franchised Business or the System.
s. Modification of the agreement	Section 21.4 of Franchise Agreement Section 13 of Development Agreement	No modifications without all parties' written agreement, but we may periodically change the Manuals and other directives.
t. Integration/merger clause	Section 21.4 of Franchise Agreement Section 13 of Development Agreement	Only the terms of the Franchise Agreement and Development Agreement are binding (subject to state law). All representations or promises made outside the scope of the Disclosure Document and Franchise Agreement and Development Agreement may not be enforceable.

Provision	Section in Franchise (or Other Agreement if applicable)	Summary
u. Dispute resolution	Section 20 of the Franchise Agreement Section 15 of Development Agreement	Any litigation between the Parties and any of their respective affiliates will be conducted on an individual basis and not part of a class action.
v. Choice of forum	Section 20.3 of Franchise Agreement Section 15.4 of Development Agreement	All litigation relating to or arising out of this Agreement are to be resolved in any court within state court system of Georgia, including the Superior Courts, and all United States District Courts sitting within the State of Georgia
w. Choice of law	Section 20.2 of Franchise Agreement Section 15.3 of Development Agreement	State of Georgia law applies, **subject to state law**.

A provision in your Franchise Agreement that terminates the franchise on your bankruptcy may not be enforced under Title 11, United States Code Section 101.

See Exhibit H for State Specific Addenda.

ITEM 18

PUBLIC FIGURES

We do not use any public figures to promote our franchise.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations, whether orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Chief Legal Officer: Alisa Pittman Cleek, 1815 The Exchange, Atlanta, Georgia 30339, (770) 951-2040; acleek@hoabrands.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

ITEM 20 TABLE NO. 1

SYSTEM WIDE OUTLET SUMMARY
FOR FISCAL YEARS 2020 TO 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised(1)	2020	2	4	+2
	2021	4	9	+5
	2022	9	12	+3
Company-Owned	2020	1	3	+2
	2021	3	3	0
	2022	3	2	-1
Total	2020	3	7	4
	2021	7	12	5
	2022	12	14	2

Explanatory Notes:

1. We include Licensed HI Hoots in Tables 1, 2, 3, and 5 of this Item 20. Licensed HI Hoots are operated by Hooters, Inc. (which operates Hooters® Restaurants) under a license agreement to develop and operate "Hoots" branded restaurants in certain areas of Illinois, New York, Nevada and Florida under the terms of the License Agreement, which are different from the terms offered to franchisees under this Disclosure Document. See Item 1.

ITEM 20 TABLE NO. 2

TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR FISCAL YEARS 2020 TO 2022

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

ITEM 20 TABLE NO. 3

STATUS OF FRANCHISED OUTLETS FOR FISCAL YEARS 2020 TO 2022

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewal s	Reacqui r ed by Franchis or	Ceased Operatio ns-Other Reasons	Outlets at the End of the Year
Florida	2020	0	1	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2*
Illinois	2020	2	1	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
New Jersey	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1*

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewal s	Reacqui r ed by Franchis or	Ceased Operatio ns-Other Reasons	Outlets at the End of the Year
Texas	2020	0	0	0	0	0	0	0
	2021	0	3	0	0	0	0	3
	2022	3	3	0	0	0	0	6*
Totals	2020	2	2	0	0	0	0	4
	2021	4	5	0	0	0	0	9
	2022	9	3	0	0	0	0	12

* Note that all hoots wings Restaurants located in Florida, New Jersey, and Texas ceased operations in 2023. The closed locations are identified in Exhibit E-1.

ITEM 20 TABLE NO. 4

STATUS OF COMPANY-OWNED OUTLETS
FOR FISCAL YEARS 2020 TO 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at the End of the Year
Georgia	2020	1	2	0	0	0	3
	2021	3	0	0	0	0	3
	2022	3	0	0	1	0	2
Totals	2020	1	2	0	0	0	3
	2021	3	0	0	0	0	3
	2022	3	0	0	1	0	2

ITEM 20 TABLE NO. 5

PROJECTED OPENINGS AS OF DECEMBER 31, 2022

State	Franchise Agreements Signed But Outlet Not Open	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California	0	3	0
Michigan	0	3	0
Total	0	6	0

Exhibit E-1 is a list of franchisees and/or licensees as of December 25, 2022, and the addresses and telephone numbers of each of their outlets. Exhibit E-2 contains the names, city and state, and current business telephone numbers (or, if unknown, the last known home telephone numbers) of the franchisees who had hoots wings® Restaurants terminated, canceled, or not renewed, or who otherwise voluntarily or involuntarily ceased doing business under our Franchise Agreement, during our last fiscal year or who have not communicated with us within 10 weeks of this disclosure document's issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign confidentiality provisions restricting their ability to speak openly about their experience with the System. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

ITEM 21

FINANCIAL STATEMENTS

Our parent company, HOA Restaurant Group absolutely and unconditionally guarantees the performance of HOA's obligations under the management agreement with us. Therefore, a copy of the Guarantee of Performance signed by HOA Restaurant Group is attached to this Disclosure Document as Exhibit F.

Attached to this Disclosure Document as Exhibit F are the audited consolidated balance sheets of HOA Restaurant Group and subsidiaries as of December 27, 2020, December 26, 2021, and December 25, 2022.

Also attached in Exhibit F are the unaudited financial statements of HOA Restaurant Group and subsidiaries as of April 16, 2023.

ITEM 22

CONTRACTS

The following agreements are attached to this Disclosure Document in the following order:

Agreement	Exhibit/Schedule
Franchise Agreement and Related Agreements	**Exhibit A**
Key Information	Schedule A
List of Principal Owners	Schedule B
Statement of Principal Owners	Schedule C
Authorization Agreement for ACH Payments	Schedule D
Collateral Assignment of Lease	Schedule E-1
Lease Rider	Schedule E-2
Owners Guaranty	Schedule F
Special Stipulations (if any)	Schedule G

Agreement	Exhibit/Schedule
State Law Addenda (if applicable)	Schedule H
Development Agreement and Related Agreements	**Exhibit B**
Key Information	Schedule A
Franchise Agreement	Schedule B
List of Your Owners	Schedule C
Owners' Guaranty	Schedule D
State Specific Amendment (if applicable)	Schedule E
Other Agreements	**Exhibit C**
Form General Release	C-1
Form of Software and Apps Agreement	C-2
Form of Third-Party Delivery Agreement	C-3
Form of Pepsi Agreement	C-4
Form of Red Bull Agreement	C-5
Bylaws of Collaborative Purchasing Organization (CPO)	C-6
CPO Membership Agreement	C-7
Statement of Prospective Franchisees	C-8
Table of Contents of Manuals	**Exhibit D**
List of Franchisees	**Exhibit E (E1-E2)**
Financial Statements	**Exhibit F**
State Agencies/Agents for Service of Process	**Exhibit G**
State Addenda to Disclosure Document	**Exhibit H**
State Effective Dates Page	**Exhibit I**
Receipts	**Exhibit J**

ITEM 23

RECEIPTS

The last 2 pages of this Disclosure Document (Exhibit J) are identical pages acknowledging receipt of this entire Disclosure Document. You must sign and date each Receipt. Please sign and return to us one copy at the following address; please keep the other copy along with this Disclosure Document. If you are missing these Receipts, please contact us at the following address or telephone number:

HOA FRANCHISING, LLC
ATTN.: LEGAL DEPARTMENT
1815 THE EXCHANGE
ATLANTA, GEORGIA 30339
770-951-204

EXHIBIT A

FRANCHISE AGREEMENT AND RELATED AGREEMENTS

HOOTS FRANCHISE AGREEMENT

BETWEEN

HOOTS FRANCHISING, LLC
1815 THE EXCHANGE
ATLANTA, GEORGIA 30339
(770) 951-2040

AND

AND
FRANCHISEE_ENTITY_NAME
PRINCIPAL OFFICE ADDRESS
CITY, STATE ZIP CODE
PHONE NUMBER

HOOTS FRANCHISING, LLC
FRANCHISE AGREEMENT
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Schedules

HOOTS FRANCHISING, LLC
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "**Agreement**") is made and entered into as of the date specified in **Schedule A** ("**Effective Date**") (all exhibits and schedules attached to this Agreement are hereby incorporated by this reference), by and between HOOTS FRANCHISING, LLC, a Delaware limited liability company with its principal business address at 1815 The Exchange, Atlanta, Georgia 30339 (hereinafter "**Franchisor**," "**we**," "**us**," or "**our**"), and the franchisee specified in Schedule A ("**Franchisee**," "**you**" or "**your**"). Franchisor and Franchisee referred to herein individually as a "**Party**" and collectively as the "**Parties**."

RECITALS

A. Through the expenditure of considerable time and effort, we and our affiliates have developed a distinctive business format and operating procedures (collectively, the "**System**") relating to the development, establishment, and operation of fast food/ fast casual type restaurants that offer via chicken wings and other food and beverage offerings (including limited alcoholic beverages) under the "**HOOTS®**" trademark (the "**Primary Mark**").

B. The distinguishing characteristics of the System include our distinctive exterior and interior layouts, designs, and color schemes; our distinctive signage, decorations, furnishings and materials; our software and computer programs; our selection of Products and Services (as defined herein); our proprietary recipes and formulae (**"Recipes"**) used to create our proprietary flavorings or ingredients and/or our proprietary products; our distinctive techniques for packaging, displaying, and merchandising, Products and Services; our advertising and marketing programs and materials; our relationships with our vendors; our methods of operating a food-related business; our operations and administrative systems; our training programs; our methods and techniques for inventory and cost controls, recordkeeping, and reporting; our customer service standards; and any guidelines, standards, specifications, rules, procedures, policies, methods, requirements, and directives we establish, including our standards and specifications as to Recipes, ingredients, food and beverage preparation, food storage, interior and exterior design and décor, sanitation, maintenance, and equipment (the **"System Standards"**) set out in our confidential operations manuals (the **"Manuals"**) and otherwise in writing. We may change, improve, add to, and further develop the elements of the System from time to time.

C. We identify businesses operating under the System by means of certain names and marks, including the Primary Mark, as well as other trade names, service marks, trademarks, logos, insignias, slogans, emblems, symbols, and designs that we have designated or may in the future designate for use with the System (collectively, the **"Marks"**). We and our affiliates may modify the Marks from time to time, adding new trade names, service marks, and trademarks which also will be included in the term "Marks."

D. We refer to the restaurants that use the System and are identified by the Marks as "**hoots wings Restaurants**." You desire for us to grant you a franchise to operate a hoots wings Restaurant, using the Marks and System, and for us to provide you with certain training and other assistance in connection with the development and operation of the hoots wings Restaurant, all as set forth in and subject to this Agreement.

In consideration of the foregoing and the mutual promises and commitments set forth in this Agreement, you and we agree as follows:

1. GRANT

1.1 Grant. Subject to the terms of, and upon the conditions contained in this Agreement, we grant you, and you accept the grant of, a franchise for the right, license and privilege to operate a single (one) hoots wings Restaurant using the Marks and System (the "**Franchised Business**"). The Franchised Business will be operated only at the location specified in Schedule A to this Agreement (the "**Site**") or, if we have not yet accepted a site for the Franchised Business as of the date of this Agreement, at a location that we have accepted in accordance with this Agreement within the geographic area specified in Schedule A (the "**Site Selection Area**").

1.2 Acceptance of License. You hereby accept the license granted in Section 1.1 and agree to operate the Franchised Business according to the provisions of this Agreement for the entire Term of this Agreement.

1.3 No Subfranchising. YOU HAVE NO RIGHT TO GRANT SUBFRANCHISES TO OTHERS. YOU MUST NOT, AND MUST NOT ATTEMPT TO, GRANT SUBFRANCHISES TO OTHERS.

1.4 Restrictions. You must use the Site solely for the operation of the Franchised Business. You must not use or permit the use of the Site for any other purpose or activity at any time without first obtaining our written consent. You must not locate or permit to be located on or about the Franchised Business or any other area of the Site any slot machines or gambling devices, or any coin-operated machines for vending of any merchandise, entertainment devices for the playing of electronic or manual games or for any similar purpose, pool tables or juke boxes, except as prescribed in the Manuals or as we may otherwise approve in writing. You may only engage in the sale of Products and Services under the System from the Franchised Business to the ultimate consumer. You must not permit the sale of products or services that we have not approved or authorized as part of the System without our prior express written consent. We may prescribe conditions as we determine appropriate under which you may sell such products or services. "**Products and Services"** currently include a menu featuring chicken wings and other food and beverage offerings that we designate or approve from time to time in our sole discretion. We may create new Products or Services or change, alter, amend, substitute or discontinue any Products or Services in our sole discretion from time to time.

1.5 Protected Market Area. We will also designate a geographic area as your "**Protected Market Area**." We will designate the Protected Market Area at the time you sign this Agreement if you choose your Site at that time, or within ten (10) days of our approval of your Site. We will specify the Protected Market Area as we deem appropriate in our sole judgment. The Protected Market Area may be irregularly shaped and may be based on Google Earth/Google Maps or other GPS or population mapping software. The Protected Market Area will consist of the Site and the geographic area designated in Schedule A as your Protected Market Area. After we designate the Protected Area, we are not obligated to modify your Protected Market Area if the population in it, zip code(s) associated with it, or other factors associated with it, later changes. Except as otherwise provided in this Agreement, during the Term of this Agreement, so long as you are in compliance with this Agreement, we will not establish or operate, or license any other person to establish or operate, a hoots wings Restaurant at any location within the Protected Market Area. If you relocate the Franchised Business pursuant to the terms of this Agreement, we will specify a Protected Market Area for the new location.

1.6 Reserved Rights. We retain all other rights not expressly granted to you in this Agreement. Among other things, and on any terms and conditions as we deem appropriate in our judgment, and without granting you any rights therein, we may:

1.6.1 Own, acquire, establish, and/or operate and license others to establish and operate, hoots wings restaurant at any location outside the Protected Market Area notwithstanding their proximity to the Protected Market Area or the Site or their actual or threatened impact on sales at the Franchised Business.

1.6.2 Own, acquire, establish, and/or operate, and license others to establish and operate hoots wings Restaurant under the Marks at Reserved Facilities (as defined below) at any location within or outside the Protected Market Area. As used in this Agreement, "**Reserved Facilities**" will mean: include limited access and captive audience facilities, concession departments, separate areas, and other types of institutional accounts, which may include (i) airports, bus and railroad terminals, and other public transportation facilities, (ii) sports arenas, stadiums, and facilities, (iii) gasoline service stations, highway rest stops, and travel plazas, (iv) amusement parks or centers, zoos, parks, aquariums, museums, art centers, concert venues, theaters, drive-in theaters, movie theaters, amphitheaters, casinos, and other entertainment or tourist facilities, (v) supermarkets, convenience stores, department stores, outlet malls, and enclosed malls, (vi) food courts, (vii) hospitals and other health care facilities, (viii) universities, schools, and education facilities, (ix) convention centers, (x) military bases, and (xi) office buildings, business complexes, condominiums, dormitories, other high-density locations, and other similar non-restaurant locations.

1.6.3 Own, acquire, establish, and/or operate and license others to establish and operate businesses: (a) using the Marks (but not the Primary Mark, except for Hooters Restaurants which may use the Primary Mark and other Marks in your Protected Market Area) and other marks in connection with the operation of such businesses; (b) which businesses may be similar to or different from a hoots wings Restaurant and (c) which may be located within or outside the Protected Market Area, despite the proximity of such businesses to the Site (but this clause will not allow us to operate or license others to operate a hoots wings Restaurant from a fixed location inside the Protected Market Area, unless at a Reserved Facility). For the avoidance of doubt, certain of our affiliates may own, establish, and/or operate, and license others to establish and operate restaurants using the "Hooters®" mark inside the Protected Market Area (the "**Hooters Restaurants**"). As between the Parties, our affiliates and we retain all rights with respect to the licensing, franchising, development, and operation of Hooters Restaurants, or their products, services intellectual property or the like, regardless of whether such licensing, franchising, development, or operations are located or operating for take-out, delivery, wholesale, retail, or online sales anywhere ("**Hooters Activities**"). Hooters Restaurants are not hoots wings Restaurants, and Hooters Restaurants may use the Primary Mark (among other Marks) inside your Protected Market Area. Our permitting you to use any trademarks, service marks, copyrights or other intellectual property also used in Hooters Activities for any reason, temporary or permanent, does not make the Franchised Business part of Hooters Activities or a Hooters Restaurant. We have sole discretion to determine what constitutes Hooters Activities as compared to the operation of a hoots wings Restaurant, and

no rights, duties, covenants, promises or obligations in the Agreement in any way restrict Hooters Activities anywhere, or grant you any rights or protections of any kind with respect to any Hooters Activities.

1.6.4 Market, sell and distribute, directly or indirectly, or license others to sell and to distribute, directly or indirectly, any goods, services or products (including, without limitation, the Products and Services), whether or not bearing the Marks or using the System, from any location (in the Protected Market Area or elsewhere) to any business or customer, including, without limitation, through retail kiosks, grocery or convenience stores or other retail outlets, locations associated with activities like gambling locations, casinos or sports books, sporting events, airports, mass transit terminals, malls or office building cafeterias, at sporting even venues, and any other alternative distribution channels without any compensation or obligation to you (including, without limitation, through Delivery Kitchens, retail, wholesale, mail order, Delivery Services, toll free numbers, the Internet, intranet, catalog sales, websites, e-mail or other forms of e-commerce); however, this clause will not allow us to operate or license others to operate a hoots wings restaurant physically located within the Protected Market Area under: (a) the System; and (b) the Marks, unless permitted at a Reserved Facility. "**Delivery Kitchens**" include kitchens devoted to the preparation of products or Products (often referred to as ghost, dark, or cloud kitchens), which may use the Marks and may deliver to customers located anywhere.

1.6.5 Advertise, or authorize others to advertise, using the Marks anywhere, including inside and outside any Protected Area.

1.6.6 Acquire, be acquired by, or merge with another entity with existing businesses or franchises that are similar to or competitive with the Franchised Business anywhere (including inside and outside the Protected Area) and (i) convert the other businesses to be hoots wings Restaurants operating under the Marks and the System (except inside your Protected Area), (ii) permit the other businesses to continue to operate under another name anywhere (including inside your Protected Area), and/or (iii) permit the businesses to operate under another name and convert your Franchised Business and existing hoots wings Restaurants to such other name.

1.6.7 Engage in any act or exercise any right not expressly and exclusively provided to you under this Agreement.

1.7 Delivery Services.

1.7.1 You must provide delivery services in compliance with the Manuals and the System Standards that we periodically specify, but only through the Franchised Business, directly to end user customers through approved third-party ordering and delivery service providers (each a "**Third-Party Delivery Provider**"), or such other delivery methods as we approve in advance.

1.7.2 You will not receive any exclusive or protected delivery area around the Franchised Business for engaging in delivery or sale for delivery of the Products and Services ("**Delivery Services**"). We and our affiliates may provide, and/or allow our or their franchisees/licensees and/or Third Party Delivery Providers to provide, Delivery

Services to customers located in your Protected Market Area (and elsewhere) without any restrictions whatsoever. We will establish from time to time System Standards that may require you to concentrate your Delivery Services within your Protected Market Area, or some other geographic area we designate or approve from time to time (the "**Delivery Area**"). We may restrict where you may engage in Delivery Services, and we may designate one or more Third-Party Delivery Providers as the sole or designated Third-Party Delivery Provider(s) in conjunction with your Delivery Services, and require you to contract with and comply with your agreements for them. Our System Standards may require you to direct customers for Delivery Services outside your Delivery Area to other hoots wings Restaurant, or decline to sell the Products and Services to them. Our System Standards may permit Third-Party Delivery Providers to direct and allocate Delivery Services among delivery service areas they or we may designate. Because of the evolving nature of the food to-go and delivery service sector, these System Standards for Delivery Services may change and evolve at any time. We will not be liable for any reduction in your sales or profits as a result of changes to these Delivery Services or our System Standards for engaging in Delivery Services.

1.7.3 You must comply with all Laws at all times in offering Delivery Services, including, but not limited to, obtaining and maintaining all required permits, licenses, consents and waivers required by any Laws. You also agree to comply fully with the standards for use of Third-Party Delivery Provider, as established by us from time to time, including, but not limited to: using such food containers, thermal bags or other storage devices we may designate to the Third-Party Delivery Provider or you; providing such amount of additional condiments, napkins and utensils as we deem appropriate; sealing the delivery bags with the appropriate tamper-evident sticker or other approved methods; and ensuring the food safety, quality and temperature maintenance of the Products and Services. You are solely responsible for maintaining adequate insurance to cover any liability that may arise from the use of Third-Party Delivery Providers (or other delivery methods) for Delivery Services from your Franchised Business and comply with our requirement for same.

1.7.4 Unless approved in advance in writing by us, you will not: (a) advertise, promote, or make any media statements about any Third-Party Delivery Provider; or (b) purport, authorize or consent to any Third-Party Delivery Provider to advertise or promote its own products or services using the Marks.

1.7.5 We reserve the right to periodically designate Third-Party Delivery Providers in our sole judgment. If you want to use a third-party delivery service provider that we have not yet approved, you must first submit the name of such proposed provider and other sufficient information for us to evaluate whether the provider meets our criteria. We may condition our approval of a third-party delivery service provider on such provider agreeing to provide periodic delivery sales reports directly to us and such other requirements relating to reliability, consistency, standards of service (including prompt attention to complaints) and/or other criteria. We may receive fees from Third-Party Delivery Providers in return for designating them as approved or designated for the System and may negotiate with them for our benefit or that of the System. We reserve the right periodically to revoke our approval of any Third-Party Delivery Provider that does not continue to meet our criteria.

Notwithstanding the foregoing, you agree that we may limit the number of Third-Party Delivery Providers with whom you may deal, designate Third-Party Delivery Providers that you must use, and/or refuse any of your requests for any reason, including if we have already designated an exclusive Third-Party Delivery Provider for the System or if we believe that doing so is in the best interests of the System.

1.7.6 You agree to grant us access to, or otherwise collect and report in the form and manner desired by us, all operational, financial, and other information concerning the Delivery Activities provided from the Franchised Business, including, but not limited to, all sales, transactions and guest count data, Product mix, service time data and financial results. We will have permission to access sales, guest count, and other operational data, including, without limitation, staffing and customer satisfaction data from the relevant Third-Party Delivery Provider and the Franchised Business.

1.8 Hooters Activities Are Unrestricted. Without limiting any rights we reserve above, as between the Parties, our affiliates and we retain all rights with respect to the licensing, franchising, development and operation of Hooters Restaurants, or their products, services intellectual property or the like, regardless if such restaurants are operating for take-out, delivery, wholesale, retail or online sales or where they are located ("**Hooters Activities**"). We determine what constitutes Hooters Activities as compared to the operation of a hoots wings Restaurant, and no rights, duties, covenants, promises or obligations in this Agreement in any way restrict Hooters Activities anywhere, or grant you any rights or protections of any kind with respect to any Hooters Activities.

1.9 Owners. If you are a corporation, limited liability company, partnership, or other entity (collectively, an **"Entity"**), all of your Owners) are listed on **Schedule B** and you must execute the Statement of Owners attached hereto as **Schedule C**. "**Owner**" means a natural person who "owns" equity in you (if you are an entity), where such ownership is direct, indirect, or beneficial. The term "Owner" also includes the spouse of any Owner if any marital assets are used to qualify for or operate the hoots wings Restaurant franchise granted pursuant to this Agreement.

2. TERM; RENEWAL

2.1 Initial Term. This Agreement will commence on the Effective Date and will continue in effect for a period of ten (10) years after the opening of the Franchised Business (the "**Initial Term**"), subject to earlier termination as set forth in this Agreement.

2.2 Renewal Term. We may, in our reasonable discretion, grant you two (2) additional five (5)-year terms (such additional terms being referred to in this Agreement as the "**Renewal Terms**," and the Initial Term, together with the Renewal Terms, being referred to collectively in this Agreement as the "**Term**"), provided that:

2.2.1 You request in writing (the "**Renewal Notice**"), no fewer than eighteen (18) months, but more than six (6) months, before the expiration of the Initial Term, that we grant you a Renewal Term;

2.2.2 You pay us a renewal fee (the "**Renewal Fee**") in the amount of the greater of $12,500 or one-third (1/3) of the then-current Franchise Fee (as defined in Section 3.1, below), delivered contemporaneously with your delivery of the signed Renewal Franchise Agreement;

2.2.3 You are, at the time you deliver the Renewal Notice, in compliance with all other agreements to which we or our affiliates on the one hand, and you or you affiliates on the other hand, are parties;

2.2.4 You are and have been, at all times during and through the end of the Initial Term, in compliance with: (i) this Agreement and all amendments to it; and (ii) the Manuals and System Standards;

2.2.5 You are, at the time you deliver the Renewal Notice, current with respect to your obligations to your lessor, suppliers, and any other parties with whom you do business;

2.2.6 You enter into our then-current form of franchise agreement for renewal franchisees (or, if not available, our then-current form of franchise agreement for new franchisees) within thirty (30) days after we deliver it to you, including all schedules, exhibits, addenda, and attachments to it (collectively, the "**Renewal Franchise Agreement**"), all of which may contain terms that vary materially from the terms of this Agreement; and

2.2.7 You and your Owners execute and deliver to us a general release in the form we prescribe (the "**Release**") within thirty (30) days after we deliver the Release to you and your Owner.

2.3 No Automatic Right. You agree that this Agreement does not grant you any automatic rights to a Renewal Term and that we will not be obligation to offer you a Renewal Term. The sole basis for any extension of your franchise rights beyond the Initial Term is in this Section 2. You will be deemed to have declined your right to request a Renewal Term if you do not timely deliver to us all items required for renewal, including, without limitation, the Renewal Fee, the executed Renewal Franchise Agreement, and the executed Release.

2.4 Effect of Non-Renewal or Expiration. Non-renewal or expiration of this Agreement will end your franchise rights as to the Franchised Business described in this Agreement. Upon nonrenewal or expiration of this Agreement, you must meet all the obligations upon termination or expiration, as set forth in this Agreement.

3. FEES

3.1 Franchise Fee. You must pay to us an initial fully earned non-refundable franchise fee (the "**Franchise Fee**") in the amount of Thirty Thousand Dollars ($30,000) on your execution of this Agreement and delivery of this Agreement to us. You acknowledge that we have no obligation to refund any portion of the Franchise Fee to you, even if this Agreement is terminated prior to opening the Franchised Business.

3.2 Continuing Royalty Fee. You must pay to us a continuing, non-refundable royalty fee (the "**Continuing Royalty Fee**") of five percent (5%) of your Gross Sales (as defined herein).

3.2.1 Unless otherwise stated in our System Standards, Continuing Royalty Fees are due and must be paid so that we actually receive payment in full for the Continuing Royalty Fee by the end of ten (10) days after the end of each four (4)-week accounting period. However, at our option, we may specify that, or allow, the Continuing Royalty Fees may be paid on a monthly, weekly, or daily basis (paid in real time via the Computer System).

3.2.2 If a state or local law in which the Franchised Business is located prohibits or restricts in any way your ability to pay, or our ability to collect, Continuing Royalty Fees or other amounts based on Gross Sales derived from the sale of beer and wine at the Franchised Business, then you and we will adjust the Continuing Royalty Fees and other provisions to provide the same basic economic effect to both you and we as otherwise provided in this Agreement, with a corresponding change to the definition of Gross Sales.

3.3 National Ad Fund Fee. You must pay to us, to be actually received by the end of ten (10) days after the end of each four (4)-week accounting period, a national advertising fee in an amount equal to a percentage of the Gross Sales of the Franchised Business that we may designate from time to time (the "**National Ad Fund Fee**") during such four (4)-week accounting period. However, at our option, we may specify that, or allow, the Continuing Royalty Fees may be paid on a monthly, weekly, or daily basis (paid in real time via the Computer System). The National Ad Fund Fee as of the Effective Date is set forth in Schedule A. We reserve the right to change the amount of the National Ad Fund Fee upon ninety (90) days written notice to You; provided, however, that the National Ad Fund Fee may not be increased by more than one hundred (100) basis points (1.0%) in any consecutive twelve (12)-month period, and the National Ad Fund Fee may not exceed four percent (4%) of your Gross Sales for the Initial Term. Additionally, we will not increase the National Ad Fund Fee prior to December 31, 2024. Our designee will maintain and administer the National Ad Fund as otherwise provided in this Agreement.

3.4 Local Advertising Expenditure. You must spend each calendar year at least a percentage of the Gross Sales of the Franchised Business on qualifying local advertising and promotion as we may designate from time to time (the "**Minimum Local Advertising Expenditure**"). We will not require that the aggregate of the Minimum Local Advertising Expenditures, Local Advertising Cooperative contributions and National Ad Fund Fee exceed 5.5% of your Gross Sales.

3.5 Gross Sales. As used in this Agreement, "**Gross Sales**" will include all revenue related to the sale of Products and performance of services in, at, about, through, or from the Franchised Business, whether for cash or credit, and regardless of collection in the case of credit, and income of every kind and nature related to the Franchised Business, including, without limitation, insurance proceeds and condemnation awards for loss of sales, profits, or business; and further including, without limitation, amounts from vending machines, slot machines or gambling devices (if permitted by us in writing), any coin-operated machines for vending merchandise to customers, entertainment devices for the playing of electronic or manual games, pool tables, juke boxes, ATM fees, sports betting, or in-store advertising of sports betting, beer and wine sales, gift cards, merchandise, delivery, catering, and any off-premises consumption; provided, however, that "Gross Sales" will not include: (i) revenues from sales taxes or other add-on taxes that you collect from guests and actually transmit to the appropriate taxing authority; and (ii) tips guests

give and that are charged to the guests' credit or debit cards. Service fees and commissions to the Third-Party Delivery Providers are not excluded from Gross Sales.

3.6 Past-Due Payments. Any payment that we do not actually receive by the end of the specified date will be deemed past due. If any payment is past due, in addition to our right to exercise all rights and remedies available to us under this Agreement, you must pay to us, the past-due amount, plus interest on such amount from the date it came due until the date we actually receive such payment. The rate of such interest will be the lesser of: (i) eighteen percent (18%) per annum; or (ii) the maximum rate allowed by applicable state laws (hereinafter the "**Default Rate**"), until paid in full. In addition to such interest payment, you must pay to us $100 per day for each day that such past-due payment remains outstanding, whether outstanding in full or in part.

3.7 Additional Payments. You must pay us or our affiliates within 10 days after demand: (i) all sales taxes, corporate taxes, and any similar taxes paid by us on your behalf, imposed on us, or required to be collected by us on account of products or services we furnish to you (through sale, lease, or otherwise) or on account of our collection of any fee related to this Agreement; (ii) all franchise or similar taxes, whether based on gross receipts, gross revenues, Continuing Royalty Fees, National Ad Fund Fee, or otherwise, imposed on, required to be collected by, or paid by us; (iii) all marketplace facilitator or similar taxes imposed on, required to be collected by, or paid by us in connection with your use of websites, applications, or online ordering platforms; (iv) all other amounts we pay or must pay for you for any reason; (v) any other fees or expenses that we are entitled to collect from you; and (vi) any attorneys' fees we incur related to you, your Owners, or the Franchised Business (other than those we incur in response to your efforts to enforce this Agreement or in the defense or any claim we assert against you on which you substantially prevail in court or other formal legal proceedings).

3.8 Means of Payment. You will pay to us all amounts owed under this Agreement by Automatic Clearing House payment ("**ACH Payment**"). You agree to sign and return to us the current form of "Authorization Agreement for ACH Payments," a copy of which is attached to this Agreement as **Schedule D**, and you must comply with the payment and reporting procedures specified by us in the Manuals.

3.9 Application of Funds; Withholding of Payments. If you are late in paying any obligation you owe us or our affiliates, we or our affiliates may apply any payment you make to any obligation you owe us or our affiliates, whether or not you make any designation to the contrary. You may not withhold or set off payment of any amount you owe us or our affiliates on grounds of alleged non-performance of any obligation we or they owe you.

4. SITE, CONSTRUCTION, AND PERMITTING

4.1 Site Selection and Acceptance.

4.1.1 Site. If you and we have agreed upon a Site at the time we execute this Agreement, the Site will be designated in Schedule A to this Agreement. If the Site has not been chosen by you and accepted by us before you sign this Agreement, you must locate it within the geographic area we designate in Schedule A (the "**Site Selection Area**"). You must establish and operate the Franchised Business only at the Site. You will not conduct, and will not permit the conduct of, any business from the Site other than the Franchised Business. If the Site has not been chosen

by you and accepted by us before you sign this Agreement, then you must obtain our acceptance of a Site and secure the Site (e.g., sign the lease for the Site or close on the purchase of the Site) by the deadline set forth in Schedule A (the "**Site Acquisition Deadline**"). Should you fail to comply with the Site Acquisition Deadline, you will be in breach of this Agreement, and we may terminate this Agreement. In the event of such termination, you will not be entitled to a refund of the Franchise Fee or any portion thereof.

4.1.2 Our Assistance. We may assist you in selecting a proposed site for your Franchised Business (a "**Proposed Site**"), but we are not obligated to do so. We or our or designee may provide you our then current site selection guidelines, including our minimum standards for locating a hoots wings Restaurant, and such site selection counseling and assistance as we may deem advisable from time to time. You should undertake your own investigation of any Proposed Site and should not rely on any information from us in selecting the Proposed Site. We may, in our sole discretion, conduct a Site selection trip to assist you with choosing or evaluating a site for the Site. We may also, in our sole discretion, choose not to conduct any Site selection trip and approve or disapprove your proposed Site based on documentation you submit to us.

4.1.3 Acceptance of Proposed Site. You will provide us with all material we request to evaluate the suitability of your Proposed Site, which may include a site selection form prescribed by us, a construction cost proforma for that Proposed Site, copy of the site plan for the Proposed Site, business plan, demographic statistics and information regarding the surrounding businesses, and such other information or materials as we may require, together with an option contract, letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the right to possess the Proposed Site. We will have thirty (30) days after receipt of the last item of information and materials we request from you to accept or decline the Proposed Site. In the event we do not accept a Proposed Location by written notice to you within said thirty (30) days, such Proposed Site will be deemed declined/ not accepted by us. If we accept a Proposed Site, we will insert the Site address into Schedule A. We may grant or withhold acceptance of any Proposed Site as we determine in our judgment for any reason.

4.1.4 Effect of Acceptance: You acknowledge and agree that: (a) our or your acceptance of the Site does not constitute any assurance, representation, or warranty of or by us or our affiliates of any kind, that the Franchised Business located at the Site (or if operated at or from any other location) will be or is likely to be profitable or successful; (b) our recommendation of a Proposed Site or acceptance of the Site, does not imply, guaranty, assure, warrant or predict profitability or success, express or implied; (c) our recommendation of a Proposed Site or acceptance of the Site indicates only that we believe that the Site falls within the acceptable demographic and other criteria for sites and premises that we have established as of the time of our recommendation or approval of the Site; (d) application of criteria that have appeared effective with respect to other sites and premises may not accurately reflect the potential for all sites and premises, and, after our acceptance of a Site, demographic and/or other factors included in or excluded from our criteria could change to alter the potential of a Site and premises; and (e) the uncertainty and instability of such criteria are beyond our

control, and we will not be responsible for the failure of the Site to meet expectations as to potential revenue or operational criteria.

4.2 Lease Responsibilities.

4.2.1 You must not make any binding commitment to a prospective vendor or lessor of real estate with respect to the Site unless we accept such Site in accordance with the procedures set forth in this Agreement and unless the lease documents for such Site provide, without limitation: (i) that the landlord will provide us with notice of any default thereunder at least thirty (30) days prior to any termination of the lease, specifying such default and granting us the right (but not the obligation) to cure any such default within such period; and (ii) that the landlord accepts us as an assignee of your interest thereunder. You must agree to a collateral assignment of the lease for the Site (the "**Collateral Assignment of Lease**") in the form attached hereto as **Schedule E-1**. Under the Collateral Assignment of Lease, upon default by you of the lease for the Site, this Agreement, or the document securing this Agreement, we will have right to take possession of the Site, and you will have no further right, title, or interest in the lease. In addition, we may require you and your landlord to sign our then-current form of Lease Rider, an example of which is attached hereto as **Schedule E-2**. You agree to work diligently and in good faith with your prospective landlord to execute the Lease Rider

4.3 Construction, Permitting, and Licensing. You assume all costs, liability, expense, and responsibility for locating, obtaining, and developing the Site for the Franchised Business and for constructing and equipping the franchised Business at such Site. You must, at your expense, and to our satisfaction, comply with all of the following requirements:

4.3.1 Before commencing construction of the Franchised Business, you must submit a site plan to us, including a footprint of the proposed building, and architectural, kitchen, and signage drawings, for our approval. You must use an architect or engineer approved by us to prepare detailed site plans and specifications for the construction of the Franchised Business.

4.3.2 You will: (i) use a qualified general contractor or construction supervisor to supervise the construction of the Franchised Business and the completion of all improvements; and (ii) submit to us a statement providing the name and contact information of such general contractor or construction supervisor.

4.3.3 You must ensure that the site plans comply with the Americans with Disabilities Act and all other federal, state, and local statutes, rules, regulations, ordinances, and codes (collectively, **"Laws"**) that apply to the Franchised Business.

4.3.4 You will cause such construction to be performed only in accordance with the site plan and the plans and specifications we approved. You must obtain our prior written approval before making any changes to approved site plans and specifications.

4.3.5 You must obtain and will thereafter maintain all licenses, permits, and certifications required for lawful construction of the Franchised Business, including, without limitation, building, zoning, access, parking, driveway access, sign, and occupancy

permits and licenses, and must certify in writing to us prior to the Opening Date that you have obtained all such licenses, permits, and certification.

4.3.6 You must obtain and will thereafter maintain all health, life, safety, alcoholic beverage, and other licenses, permits, and certifications required for operation of the Franchised Business and must certify in writing to us prior to the Opening Date that you have obtained all such licenses, permits, and certifications.

4.3.7 You must not locate or permit to be located on or about Franchised Business or any other area of the Site any slot machines or gambling devices, or any coin-operated machines for vending of any merchandise, entertainment devices for the playing of electronic or manual games or for any similar purpose, pool tables or juke boxes, except as prescribed in the Manuals or as we may otherwise approve in writing.

4.3.8 All exterior and interior signage you use for the Franchised Business must conform to all Laws and our Standards, including our Standards as to type, color, size, design, and location. You must use a sign vendor that we have designated or approved in writing to ensure proper compliance with our Standards. You must obtain our written approval before you install or display any signage.

4.4 Opening Date. You must complete the construction of the Franchised Business in accordance with the provisions and requirements of this Agreement and must open the Franchised Business for business by the deadline set forth in Schedule A (the "**Opening Date**"). You may not open the Franchised Business for business until we determine in our sole discretion that the Franchised Business was developed according to our specifications and standards and that you have met all additional pre-opening conditions set forth in this Agreement and the Manuals, and provide you written approval. Should you fail to comply with the Opening Date, then you will be in breach of this Agreement, and we may terminate this Agreement. In the event of such termination, you will not be entitled to a refund of the Franchise Fee or any portion thereof.

4.5 Destruction of Site. In the event the Franchised Business is damaged or destroyed by fire or other casualty, or is required by any governmental authority to be repaired or reconstructed, you must commence repair or reconstruction of the building within ninety (90) days after the date of such casualty or notice of governmental requirement (or such lesser period as such governmental requirement may specify) and will complete all required repair or reconstruction as soon as possible thereafter, but in no event later than one hundred eighty (180) days after the date of such casualty or governmental requirement. In the case of reconstruction due to casualty, the minimum acceptable appearance for the restored building will be that which existed immediately prior to the casualty; provided, however, that you must use its best efforts to have the restored building include the then-current image, design, and specifications of new hoots wings restaurant.

4.6 Relocation. You may not relocate your Franchised Business without our prior written consent. We may, but will not be required to, assist you in selecting a replacement location, you may not begin construction or renovation of any new location until you have received our written approval of such relocation. You are solely responsible for selecting the replacement location and negotiating the lease or purchase terms, all subject to our acceptance. You are also responsible for construction or renovation of the relocated

Franchised Business and for ensuring that it is constructed consistent with the site plan we approve and other plans and specifications we designate.

5. COMPLIANCE WITH SYSTEM STANDARDS AND MANUALS

5.1 Manuals. We will lend you one hard copy of, or grant you electronic or other access to, the Manuals during the Term. We may provide the Manuals, and any Supplements to the Manuals (defined below), to you in hard copy or electronically via applications for mobile devices, DVD, intranet, other storage media, electronic mail, video, the Internet, or other electronic formats. If any content of the Manuals conflicts with the terms of this Agreement, this Agreement will control. You may be required to pay a license fee to use the software necessary to access the Manuals.

5.2 Compliance with System Standards: You agree that: (i) every component of the System is vital to us, to the Franchised Business, and to the hoots wings restaurant our other franchisees operate; and (ii) your compliance with the System is of the essence to this Agreement. You therefore agree that you will conduct all activities and operations of the Franchised Business in strict compliance with the System, including the Standards and the Manuals, as though specifically stated in this Agreement.

5.3 Changes to the Standards and the Manuals. We may make additions to, deletions from, and modifications to the Manuals (**"Supplements"**) or System Standards from time to time in any form or fashion, including (i) altering the Products and Services, accounting and computer systems, forms, policies, and procedures of the System; (ii) adding, modifying, or substituting the equipment, signs, trade dress, and other hoots wings restaurant characteristics that you are required to use or display (subject to the limitations set forth in this Agreement); (iii) implementing new programs and policies, which may require you to incur additional expenses, purchase new equipment or supplies, or pay additional reasonable fees; and (iv) changing, improving, modifying, or substituting for the Marks. We will communicate changes in the System Standards or the Manuals in writing or electronically to you, as we deem appropriate. You must immediately adopt and use any Supplements to the Manuals. All Supplements to the Manuals are binding on you as if they were part of the Manuals previously provided to you. It is your responsibility to monitor for Supplements to the Manuals and to always maintain a current and up-to-date copy of the Manuals at the Franchised Business. If there is any dispute as to your compliance with the Manuals, then the master copy of the Manuals we maintain will control. All references in this Agreement or otherwise to the Manuals will include any and all Supplements to the Manuals. You acknowledge that changes in the Standards or Manuals may obligate you to invest additional capital in the Franchised Business and/or incur higher operating costs.

5.4 Variances. You agree that complete uniformity under many varying geographic and other conditions, and over extended spans of time, is not practical and may be detrimental to the System, and that as a result: (i) we may vary the Standards for any franchisee as we deem necessary; (ii) we may grant franchises using the System under terms that may differ materially from the terms of this Agreement; and (iii) our obligations and rights with respect to our various franchisees may differ materially from our obligations and rights with respect to you, without in any way affecting our rights with respect to you. You will have no right to require that we disclose any variation to you or that we grant you the same or a similar variation.

5.5 Ownership of Systems and Manuals. You agree that we own all proprietary rights in and to the System and the Manuals. The Manuals will at all times remain our property and you and all your directors, officers, shareholders, partners, members, managers, employees, agents, independent contractors, and others who gain access to the Manuals and the information contained in the Manuals will treat the Manuals and the information in the Manuals as our Confidential Information (defined below).

5.6 Guest Relations. You must promptly address any guest contact requests that we send to you or customer complaints in accordance with our Standards as specified in the Manuals, including responding to and resolving such guest contacts and complaints in the manner and within the time periods specified in the Manuals.

5.7 Violation Fees. If you fail to comply with our System Standards, then in addition to any other right we have under this Agreement, you will also pay to us $1,000 for the first month in which System Standards are violated or not met (the "**Monthly System Standard Violation Fee**"): each subsequent month, consecutive or otherwise, in which System Standards are violated or not met by you, you will pay to us a System Standard Violation Fee in an amount equal to double the prior System Standard Violation Fee due. In addition to the Monthly System Standards Violation Fee, you must pay to us $100 per day for each day in which System Standards are violated or not met (the "**Daily System Standards Violation Fee**").

6. DUTIES OF FRANCHISEE

6.1 Compliance with Laws. You will operate the Franchised Business in compliance with all applicable Laws, including all Laws related to labor, health, and safety. You will promptly furnish to us copies of all fire, health, or other inspection reports, warnings, certificates, and ratings issued by any government agency, and must immediately provide us with any such items that assert any failure to comply strictly with any Law. If required by the jurisdiction where the Franchised Business is located, you will file for and maintain a Certificate of Fictitious Name that includes the Primary Mark. You also shall comply with (a) all applicable contractual requirements (e.g., PCIDSS), Laws, or standards, or any equivalent thereof, relating to the collection, use, and security of personal information and (b) any privacy policies or data protection and breach response policies we periodically may establish.

6.2 Ownership and Guaranty. If you are a corporation, limited partnership, general partnership, limited liability company, or other business entity, you must comply with the following requirements:

6.2.1 You must confine your activities exclusively to the development, opening and operation of the Franchised Business and your governing documents must so reflect.

6.2.2 Your Certificate or Articles of Incorporation, Bylaws, Partnership Agreement, Articles of Organization, Operating Agreement, or comparable governing documents will at all times provide that: (i) your activities must be confined exclusively to the development, opening, and operation of the Franchised Business; and (ii) the issuance, redemption, purchase for cancellation, and transfer of voting stock, partnership interests, membership interests, or other equity interests in you (if you are an entity), are restricted by the terms of this Agreement.

6.2.3 You must provide to us copies of your Certificate or Articles of Incorporation, Bylaws, Partnership Agreement, Articles of Organization, Operating Agreement, or comparable governing documents, and any other documents we may reasonably request, and any amendments to any of them, so that we actually receive such copies by the end of ten (10) days after we request such copies.

6.2.4 You must maintain stop transfer instructions against the transfer on your record of any equity securities (voting or otherwise) you issue. All securities you issue must bear the following legend, which will be printed legibly and conspicuously on each stock certificate or other evidence of ownership interest:

THE TRANSFER OF THESE SECURITIES IS SUBJECT TO THE TERMS AND CONDITIONS OF A FRANCHISE AGREEMENT WITH HOOTS FRANCHISING, LLC DATED [INSERT DATE]. REFERENCE IS MADE TO SUCH AGREEMENT AND TO THE RESTRICTIVE PROVISIONS OF THE [INSERT TYPE OF CERTIFICATE] OF THIS [INSERT TYPE OF ENTITY].

6.2.5 You must maintain a current list of all owners of record and all beneficial owners of any class of voting equity and must furnish the list to us upon request so that we actually receive such list by the end of ten (10) days after we request such list.

6.2.6 If you are a partnership, you must maintain a current list of all general and limited partners, and a list of all owners of record and all beneficial owners of any class of voting equity and such general and limited partners, and must furnish such list to us so that we actually receive such list upon request by the end of ten (10) days after we request such list.

6.2.7 Each of your Owners (as defined herein),and such of your Owners as we may specify, must enter into a continuing guaranty agreement in a form acceptable to us (the "**Guaranty**") in the form attached hereto as **Schedule F**. We may amend or modify the form of such Guaranty from time to time as to Owners signing the Guaranty after the Effective Date. We may require your spouse, or the spouse of any Owner, to also sign the Guaranty.

6.3 Operating Principal and General Manager. You covenant, warrant, represent, and agree that you must devote your full time, energy, and best efforts to the management and operation of the Franchised Business. You must designate one (1) Owner as the operating principal with overall operating responsibility (the "Operating Principal") for the Franchised Business and, if applicable, all other hoots wings restaurants that you own. If you are an individual, you must serve as the Operating Principal. The Operating Principal must serve as the general manager of the Franchised Business who will have authority over the other managers (the "**General Manager**"), or designate a qualified individual to serve as the General Manager. Both the Operating Principal and the General Manager must devote his or her full time, energy, and best efforts to the management and operation of the Franchised Business (and, with respect to the Operating Principal, the management and operation of other hoots wings restaurant that you own, if applicable). If you are a corporation or other business entity, the Operating Principal must be an Owner you, appointed by you and approved by us.

6.4 Regional Manager. If the Franchised Business is not the first and/or only hoots wings Restaurant that you have the right to establish and operate, we may require you to employ one or more regional managers (who must be individuals reasonably acceptable to us) to supervise the day-to-day operation of all your hoots wings restaurant, including the Franchised Business (a "**Regional Manager**"). We may require that any such Regional Managers attend and complete any training courses we reasonably require.

6.5 Training.

6.5.1 Management Training. Your Operating Principal, General Manager and any other persons that we designate will be required to complete, to our sole satisfaction, an approved manager training program (the "**Management Training Program**") by the end of ninety (90) days after such individual's appointment to serve as the Operating Principal or the General Manager (as applicable). We will provide, or designate other parties to provide on our behalf, the Management Training Program periodically and permit you to register for an available program. Training programs are subject to space and time availability. All or certain portions of the Management Training Program may, in our discretion, be conducted online or in person at our corporate headquarters and/or other locations authorized by us (which may include locations operated by other franchisees). You are responsible for all travel and living costs and expenses related to your attendees' attendance at the Management Training Program, as well as your attendees' salaries and benefit costs.

6.5.2 Completion of Training. All of your trainees must successfully complete our Management Training Program before they may be involved in the operation of your Franchised Business. At least one of your Required Trainees must successfully complete the Management Training Program by the Opening Date. We have the right in our reasonable discretion to determine whether a trainee has successfully completed the Management Training Program. We reserve the right to charge a reasonable fee is a trainee must retake the Management Training Program.

6.5.3 Additional Costs. We reserve the right to charge you a reasonable training fee if: (i) you elect to bring additional trainees, other than those we require, to the Management Training Program, (ii) your trainees are trained in separate sessions, or (iii) we provide the Management Training Program to your Subsequent Trainees.

6.5.4 Subsequent Trainees. Any required trainees that you hire or appoint after the opening of the Franchised Business and any other persons we designate (**"Subsequent Trainees"**) must attend and successfully complete our Management Training Program (or a modified version that we prescribe) before becoming involved in the operation of your Franchised Business. We may require employees that transfer to your Franchised Business from another hoots wings restaurant to successfully complete the Management Training Program again. We also may require you to send or resend your Required Trainees to the Management Training Program, and require them to successfully complete it, if we have identified operational or performance issues at your Franchised Business. We reserve the right to charge you a reasonable training fee for each Subsequent Trainee that attends a Management Training Program.

6.5.5 Additional Programs. We may, from time to time, conduct conferences, conventions, programs, webinars, teleconferences, or additional or refresher training sessions on any matters related to the System ("**Additional Programs**"). We will determine the duration, curriculum, and location of such Additional Programs, which may take the form of web-based training modules, webinars, seminars, in-person training, or on-site training. You, your Required Trainees, Owners, and other personnel we designate must attend any Additional Programs that we require. You may request that we provide you with Additional Programs by submitting a written request to us no less than five (5) weeks prior to the desired training date(s). We may charge you a reasonable fee for your attendees to attend any Additional Program.

6.5.6 Other Training Terms.

(a) Modifications. We reserve the right to modify our Management Training Program, Additional Programs, or any other training programs at any time, including the timing, frequency, content, format, and location of training. If the Franchised Business opened under this Agreement is not the first hoots wings restaurant you have opened under the System, we may waive certain training requirements, at our sole discretion.

(b) Expenses and Compensation. You will pay all expenses you and your personnel incur for any training programs, including your/their travel, food, lodging, compensation, and benefit expenses. We will not pay any compensation for any services you and your personnel perform in any training program. You must purchase uniforms for any of your trainees that attend our Management Training Program.

(c) Non-Compliance. If you fail to or refuse to attend any required meetings or training, you will pay to us a "**Training Non-Compliance Fee**" in the amount of two (2) times the cost of such training program or meeting. If you fail to attend more than one such required meeting or required training program (or more than 5 per calendar year of our bi-weekly Training), the Training Non-Compliance Fee will double in amount each time you or your designee (subject to our approval) fail to attend a required meeting or training meeting. Nothing in this Section 6.5 limits our right to terminate or take other action against you for such breach of this Agreement.

(d) Additional Consulting Services. After you open your Franchised Business, we may furnish you with support services as we deem appropriate. We also may offer you additional consulting or support services, including On-Site Training and remote support, that are greater in scope than our standard support services. We may charge you a reasonable fee for these services which may include a daily or hourly fee for each of our representatives and, for On-Site Training, reimbursement for their travel and living expenses (including airfare, car expenses, lodging, meals, etc.). Additional consulting or support services are subject to availability and shall be offered in our sole discretion.

6.6 Continuing Maintenance. You must maintain the interior and exterior of the Franchised Business, and all other areas of the Site, in first-class repair and condition, and in compliance with all of our maintenance and operating standards. In connection with such maintenance, you must make such additions, alterations, and repairs to the Site, and such replacement of items in and about the Franchised Business, as we may require, which additions, alterations, and repairs may include, without limitation, periodic repainting, refinishing, and repairing of the Franchised Business' interior and exterior and replacing of obsolete or worn signs, furnishings, fixtures, and equipment. We have the right to modify System Standards which may accommodate regional or local variations, and any such modifications may obligate you to invest additional capital in the Franchised Business ("**Capital Modifications**") and/or incur higher operating costs. We will give you thirty (30) days to comply with Capital Modifications, but if a Capital Modification requires an expenditure of more than $10,000, we will give you 60 days to comply. Otherwise, there is no limit on your requirement to make Capital Modifications. Upon request by us, you must perform equipment upgrades, as determined by us, within ninety (90) days after receipt of notice from us to upgrade equipment. For the avoidance of doubt, Capital Modifications are in addition to the ongoing maintenance costs you incur pursuant to this Section 6.6. In addition, Capital Modifications do not include expenditures you are required or choose to make to comply with applicable laws, governmental rules, or regulations.

6.7 Renovation. You acknowledge and agree that it is in your best interests, and in the best interests of the System, that the Franchised Business be clean, up-to-date, well-maintained, and well-appointed. Therefore, you acknowledge and agree that you must, at our request, remodel, redecorate, equip, improve, and modify (collectively, "**Renovate**") the Franchised Business to conform to: (i) the building design, trade dress, color schemes, signage, and presentation of trademarks and service marks consistent with our then-current image; (ii) the requirements set forth in the Manuals; and (iii) the condition, state of repair, and general appearance of hoots wings restaurant that we reasonably deems desirable. The Parties acknowledge and agree that the obligation to Renovate is intended to be periodic remodeling, redecorating, equipping, improvement to, and modification of, the Franchised Business, and that nothing contained in this Agreement will affect your obligation to maintain the Franchised Business in compliance with the other provisions of this Agreement and the Manuals. However, we will not require you to Renovate the Franchised Business more often than once every five (5) years.

6.8 Operations. You agree that you will conduct all activities and operations of your Franchised Business in strict compliance with the System, including the Standards and the Manuals, as though specifically stated in this Agreement. Without limiting the generality of the foregoing, you specifically agree:

6.8.1 To maintain in sufficient inventories and supply of, and to only use at all times, such products, materials, supplies, ingredients, and like items as we may require, and to refrain from deviating therefrom by using nonconforming items without our prior written consent;

6.8.2 To use at all times only such methods of preparation, methods of service, and like methods as we may require, including, without limitation, our standards and specifications for preparation and presentation of Products; and to refrain from deviating therefrom by using nonconforming methods without our prior written consent;

6.8.3 To maintain the highest standards of cleanliness, health, and sanitation;

6.8.4 To obtain such products, equipment, services, and supplies as we may require, for the appropriate handling, preparation, presentation, selling, and service of any Products;

6.8.5 To require clean uniforms conforming to such specifications as to color, design, and like factors as we may designate from time to time, to be worn by all of your personnel at all times while working at, in, through, or on behalf of the Franchised Business, and to cause all personnel to present a clean, neat appearance and to render competent and courteous service to guests;

6.8.6 Not to install or permit to be installed on or about the Franchised Business pr Site, without our prior written consent, any furnishings, fixtures, equipment, décor, signage, or other improvements not previously approved as meeting our standards and specifications;

6.8.7 To deliver Products to customers using Third-Party Delivery Providers or other methods prescribed by us in compliance with our procedures, and to account for (in the manner we specify) delivery and catering charges not included in the price of the Products;

6.8.8 To employ a sufficient number of trained and qualified personnel to operate the Franchised Business. You are responsible for hiring, firing, compensating and directing the activities of your employees and other staff. We do not have the right to hire, fire, direct the activities of or supervise your employees and other staff. If you or your affiliates operate multiple hoots wings restaurant, you must employ a sufficient number of qualified regional managers so as to meet our System Standards.

6.9 Credit Cards. You must honor all credit, charge, courtesy or cash cards or other credit devices required or approved by us. You must obtain our written approval prior to honoring any previously unapproved credit, charge, courtesy or cash cards or other credit devices. You must ensure that the Franchised Business adheres to the standards applicable to electronic payments including Payment Card Industry Data Security Standards ("**PCIDSS**"). If required by us, you must provide us with evidence of compliance with the applicable standards and provide, or make available to us copies of an audit, scanning results or related documentation relating to such compliance. Any costs associated with an audit or to gain compliance with these standards will be borne by you. You must immediately (in any event within twenty-four (24) hours) notify us if you suspect or have been notified by any third party of a possible security breach related to the cashless system (or related cashless data) used in the Franchised Business.

6.10 Gift Cards and Loyalty Cards. You must offer for sale, and will honor for purchases by customers, any incentive or convenience programs which we may institute from time to time, and you must do so in compliance with our standards and procedures for such programs. Additionally, you must sell, issue, and redeem gift cards ("**Gift Cards**") and (whether as a part of, or separate from, Gift Cards) loyalty cards ("**Loyalty Cards**") that have been prepared utilizing the standard form of Gift Card or Loyalty Card provided or designated by us, and only in the manner specified in the Manuals or otherwise in writing. You must fully honor all Gift Cards and Loyalty Cards regardless of whether a Gift Card

or Loyalty Card was issued by us or another franchisee and regardless of whether the Gift Card or Loyalty Card has been discounted for third-party retailer fees pursuant to arrangements that we have established with such retailers for the sale of Gift Cards and Loyalty Cards.

6.11 Hours of Operation. You must continuously operate the Franchised Business on the days and during the minimum hours that we may periodically prescribe or approve.

6.12 Pricing. You agree that we reserve the right, to the fullest extent allowed by Law, to establish maximum, minimum or other pricing requirements with respect to the prices You may charge for the Products offered and sold at the Franchised Business.

6.13 Participation in Promotions. You acknowledge that periodic rebates, give-aways and other promotions and programs are an integral part of the System. Accordingly, you, at your sole cost and expense, from time to time will issue and offer such rebates, give-aways, discounts, incentives and promotions in accordance with any marketing programs, loyalty programs or customer survey/research programs established by us, and further will honor rebates, give-aways and other promotions issued by other franchisees as long as all of the above do not contravene the Laws of appropriate governmental authorities. We may require You to participate in cooperative advertising programs with certain suppliers or approved sources of goods.

6.14 Music and Other Audio and Visual Entertainment. You agree to play only the type(s) of music and display only the types of visual entertainment, at decibel levels and in the manners that we may periodically prescribe or approve. You must acquire any and all copyright and broadcast licenses to do so at your expense. You must acquire and install any audio or visual equipment that we designate or require for use by hoots wings restaurant, and you must subscribe to music and video services as we may periodically specify, whether with an Approved Supplier. You must, to the extent and at the times and manners we designate, permit live performances of music and other entertainment at the Franchised Business, and must obtain our prior written consent prior to your doing so, in accordance with our System Standards.

6.15 Purchasing and Distribution Cooperatives. You must (i) become a member of any purchasing and/or distribution cooperative(s)/association(s)/program(s) (collectively, **"Purchasing Programs"**), if any, that we designate and/or establish for the System by the deadlines that we specify (which shall be before your Opening Date if we have already established such a Purchasing Program), (ii) remain a member in good standing thereof throughout the Term, and (iii) pay all reasonable membership fees assessed by any Purchasing Program.

6.16 Signage. All exterior and interior signs at the Franchised Business (the "**Signs**") must comply with the standard sign plans and specifications established by us and provided to you. You will, at your expense, prepare or cause the preparation of complete and detailed plans and specifications for the Signs and will submit them to us for written approval. We will have the absolute right to inspect, examine, videotape, and photograph the Signs at the Franchised Business during the term of this Agreement. You will be responsible for any and all installation costs, sign costs, architectural fees, engineering costs, construction costs, permits, licenses, repairs, maintenance, utilities, insurance, taxes, assessments, and levies in connection with the construction, erection, maintenance or use of the Signs including, if applicable, all electrical work, construction of the base and foundation,

relocation of power lines and all required soil preparation work. You will comply with all Laws relating to the construction, erection, maintenance, and use of the Signs. You may not alter, remove, change, modify, or redesign the Signs unless approved by us in writing. We will have the right to redesign the specifications for the Signs without your approval or consent. Within ninety (90) days after receipt of written notice from us, you will, at your expense, either modify or replace the Signs so that the Signs displayed at the Franchised Business will comply with the new specifications. You will not be required to modify or replace the Signs more than once every five (5) years. At no time during or after the expiration of the Term may you "drape", obscure, paint over, remove or modify approved signage bearing our Marks without our express prior written consent and without complying with our instructions on how to do so.

6.17 Security Interest.

6.17.1 In order to secure payment of all amounts you are obligated to pay under this Agreement, by your signing this Agreement, you grant to us a first priority, unsubordinated security interest in all of your trade fixtures, equipment, inventory, and accounts receivable, and in the proceeds of the foregoing. You must execute all documents we reasonably deem necessary to perfect our security interest in such items.

6.17.2 In any equipment or trade fixture lease or financing that you enter into in connection with the Franchised Business, you must include a provision approving us as transferee without any right to accelerate or to modify such lease or financing, and requiring the lessor or lender to send notice of any default of such lease or financing to us at our then-current address and to give us thirty (30) days from the date we receive such notice of default to cure such default. We are under no duty or obligation whatsoever to cure such default, but should we elect to cure such default, you must reimburse and indemnify us for any costs and expenses we incur in connection with the cure of such default, on its written request, so that it actually receives such reimbursement by the end of ten (10) days after it requests such reimbursement.

6.18 Computer Systems and Software.

6.18.1 We will have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among hoots wings restaurant, including, without limitation: (a) back office and point of sale systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at hoots wings restaurant, between or among hoots wings restaurant, and between and among the Franchised Business and us, our designee and/or you (b) cash register systems; (c) physical, electronic, and other security systems; (d) printers, "media wall" systems, and other peripheral devices; (e) archival back-up systems; and (f) internet access mode (e.g., form of telecommunications connection) and speed (collectively, the "**Computer System**").

6.18.2 We will have the right, but not the obligation, to develop or have developed for it, or to designate: (a) computer software programs and accounting system software that you must use in connection with the Computer System ("**Required Software**"), which you must install; (b) updates, supplements, modifications, or

enhancements to the Required Software, which you must install; (c) the tangible media upon which such you must record or receive data; and (d) the database file structure of your Computer System.

6.18.3 You must install and use the Computer System and Required Software in the manner required by us.

6.18.4 You must record all sales on the computer-based point of sale system specified by us in the Manuals or otherwise in writing, which will be deemed part of your Computer System.

6.18.5 You must implement and periodically make upgrades and other changes to the Computer System and Required Software as we may reasonably request in writing (collectively, "**Computer Upgrades**").

6.18.6 You must comply with all specifications issued by us with respect to the Computer System and the Required Software, and with respect to Computer Upgrades, at your expense. You must also afford us unimpeded access to your Computer System and Required Software as we may request, in the manner, form, and at the times requested by us.

6.18.7 The Parties acknowledge and agree that changes to technology are dynamic and not predictable within the Term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we will have the right to establish, in writing, new standards for the implementation of technology in the System. You also agree that you will abide by those new standards we establish.

6.19 Data.

6.19.1 All data provided by you, uploaded to our system from your system, and/or downloaded from your system to our system is and will be owned exclusively by us, and we will have the right to use such data in any manner that we deem appropriate without compensation to you. In addition, all other data created or collected by you in connection with the Computer System, or in connection with your operation of the business (including, but not limited to, consumer and transaction data), is and will be owned exclusively by us during the Term of, and following termination or expiration of, this Agreement. Copies and/or originals of such data must be provided to us upon our request. We license the use of such data back to you, at no additional cost, solely for the Term of this Agreement and solely for your use in connection with the Franchised Business.

6.19.2 We may, from time to time, specify in the Manuals or otherwise in writing the information that you must collect and maintain on the Computer System installed at the Franchised Business, and you must provide to us such reports as we may reasonably request from the data so collected and maintained. You must download daily, or in such other intervals as we may require, all information and materials we may require in connection with the operation of the Franchised Business, and will display such information and materials in the manner we may prescribe, including, without limitation, to employees of the Franchised Business, or on media displayed at the Franchised Business. During and subsequent to the

Term of this Agreement, we will have the right to use all data pertaining to, derived from, or displayed at the Franchised Business (including, without limitation, data pertaining to or otherwise related to the Franchised Business' customers).

6.19.3 You must abide by all Laws pertaining to the privacy of consumer, employee, and transactional information ("**Privacy Laws**").

6.19.4 You must comply with our standards and policies pertaining to Privacy Laws. If there is a conflict between our standards and policies pertaining to Privacy Laws and actual applicable Laws, you must: (a) comply with the requirements of applicable Laws; (b) immediately give us written notice of said conflict; and (c) promptly and fully cooperate with us and our counsel in determining the most effective way, if any, to meet our standards and policies pertaining to Privacy Laws within the bounds of applicable Law.

6.19.5 You must not publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent as to such policy.

7. PRODUCTS AND SERVICES

7.1 Approved Suppliers. We may require you to purchase or lease certain Products and Services, other products and services, equipment, supplies, furnishings, fixtures, signage, inventory, ingredients, equipment, and other items required for the operation of the Franchised Business ("**Restaurant Items**"), solely from suppliers (including manufacturers, distributors, and other sources), that demonstrate, to our continuing sole satisfaction, the ability to meet our then-current standards and specifications for such items; that possess adequate quality controls and capacity to supply your needs promptly and reliably; that we has first approved in writing; and for which we have not thereafter withdrawn our approval (collectively, the "**Approved Suppliers**"). We will list such Approved Suppliers in the Manuals or in periodic bulletins and newsletters we may supply. You recognize that we will have the right to appoint only one Approved Supplier for a particular Restaurant Item. We or our affiliates may, in some instances, be the only designated supplier of a Restaurant Item. We and our affiliates may earn income for the sale or lease to you of Restaurant Items.

7.2 Approval Process. If you desire to purchase any Restaurant Items from a supplier that is not an Approved Supplier, you must submit to us a written request for our consent to use such supplier, and you will have such supplier acknowledge in writing that you are an independent entity from us and that we are not liable for debts you incur. We have sole discretion to approve or disapprove any or all Approved Suppliers. We will have the right to require that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered to us or to an independent laboratory that we designate for testing. You must reimburse us for the cost of the inspection and the actual cost of the test. We may also require that the supplier comply with such other requirements as we may deem appropriate, including payment of continuing inspection fees and administrative costs. We reserve the right, following our consent for you to use any supplier, to reinspect the facilities and products of such supplier and to revoke our consent on the supplier's failure to continue to meet any of our then-current System Standards. If, in conjunction with the supplier providing Restaurant Items to you, any third party may obtain access to any of our Confidential Information or Trade Secrets, we may

require, as a condition of approval of such supplier, that the supplier execute covenants of non-disclosure and non-competition in a form we provide.

7.3 Revenue from Purchases. We may require you to purchase or lease Restaurant Items from us, our affiliates, or third parties we designate or approve. You acknowledge and agree that we and our affiliates may enter into agreements with third parties, including, without limitation, suppliers and distributors, under which we and/or our affiliates may derive revenue, profits, and other benefits, including, without limitation, rebates, credits, discounts, allowances, monies, payments, or marketing assistance (collectively, "**Allowances**") as a result of consideration you pay to such third parties for purchases or leases we require you to make. These Allowances may be based on individual or System-wide purchases of Restaurant Items. You assign to us or our designee all of your right, title, and interest in and to any and all such Allowances and authorizes us or our designee to collect and retain any or all such Allowances without restriction (unless otherwise instructed by the supplier).

7.4 Limitations. You must offer and sell Products and Services only from the Franchised Business at the Site; only in accordance with the requirements of this Agreement, the procedures set forth in the Manuals, or as otherwise set forth by us in writing; and only to: (a) retail customers for consumption at or in common seating near to the Franchised Business; (b) retail customers for personal carry-out consumption of Products and Services sold at the Franchised Business; and (c) through delivery services to customers that purchase Products and Services for delivery to (and consumption in) their home or office, as described in this Agreement. You must not engage, unless expressly permitted by us in writing, in any other type of sale of, or offer to sell, or distribution of Products and Services, including, but not limited to, selling, distributing, or otherwise providing, any Products and Services at wholesale, or for resale or distribution by any third party, or through satellite locations, sales or mail order catalogs, temporary locations, carts or kiosks, the Internet, or through any other electronic or print media.

7.5 Test Marketing. We may from time to time conduct test marketing to determine consumer trends and the salability of new food or non-food products and services. You will participate in any test marketing we require by providing us with timely reports and other relevant information as we may request. In connection with test marketing, you will purchase for the Franchised Business the reasonable quantity of test products we specify and will use your best efforts to promote and sell test products.

7.6 Disclaimer of Warranties. WE AND OUR AFFILIATES EXPRESSLY EXCLUDE AND DISCLAIM ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO ALL GOODS THAT WE OR OUR AFFILIATES OFFER, SELL, OR REQUIRE FOR YOUR FRANCHISED BUSINESS (COLLECTIVELY, "SOURCED PRODUCTS"). YOUR EXCLUSIVE REMEDY AND OUR AND OUR AFFILIATES' EXCLUSIVE LIABILITY FOR ALL CLAIMS RELATED TO ANY SOURCED PRODUCTS IS (I) LIMITED TO YOUR REMEDIES AGAINST THE GIVEN THIRD PARTY SUPPLIER OR MANUFACTURER (WHICH SHALL NOT INCLUDE OUR AFFILIATES) FOR ANY OF THE SOURCED PRODUCTS THEY PROVIDE; AND (II) FOR ANY OF THE SOURCED PRODUCTS THAT WE OR OUR AFFILIATES PROVIDE, LIMITED TO THE PURCHASE PRICE OF SUCH SOURCED PRODUCTS, PLUS SHIPPING COSTS, IF ANY, YOU PAID; OR, AT OUR OR OUR AFFILIATES' OPTION, THE REPLACEMENT OF SUCH SOURCED PRODUCTS. WE AND OUR AFFILIATES WILL NOT BE LIABLE FOR SPECIAL, INCIDENTAL, INDIRECT, CONSEQUENTIAL,

MULTIPLIED, EXEMPLARY, OR PUNITIVE DAMAGES FOR ANY MATTER STATED IN THIS SECTION 7, REGARDLESS OF THE DIRECT OR INDIRECT CAUSE OF THE DAMAGES. This disclaimer of warranties does not affect any claims you may have against third party manufacturers or Approved Suppliers of any Sourced Products.

8. INTELLECTUAL PROPERTY

8.1 Marks. An affiliate has granted us the exclusive right to use and to license others to use the Marks and the System to establish hoots wings restaurant in the jurisdiction in which the Franchised Business is to be located. We have taken, and will take or cause to be taken, all steps we consider reasonably necessary to preserve and protect the ownership and validity of the Marks that we have designated for use in the System.

8.2 Acknowledgement. You covenant, warrant, represent, and agree that:

8.2.1 You must use only the Marks we designate and will use Marks only in the manner we authorize and permit. You agree that any unauthorized use of the Marks will constitute an infringement of our rights.

8.2.2 You must use the Marks only for the operation of the Franchised Business, and only at the Franchised Business, or in advertising for the Franchised Business.

8.2.3 You must operate and advertise the Franchised Business only under the name Primary Mark, except as otherwise authorized or required by us.

8.2.4 You must identify yourself as the independent owner of the Franchised Business in connection with any use of the Marks, including, without limitation, on invoices, order forms, receipts, menus, employee forms, and contracts, and at such conspicuous locations on the premises of the Franchised Business as we may require with our standards and specifications.

8.2.5 You must not use any Mark: (i) to incur any obligation or indebtedness on behalf of us or our affiliates; (ii) as a part of your corporate or other legal name; (iii) in any part of a web site domain name without our prior written consent, which consent we will not unreasonably withhold; or (iv) on a website, including, without limitation, a social media site, without our prior written consent.

8.2.6 You must file for and maintain, at your sole cost and expense, all trade name or business name registrations required by us or by Law.

8.2.7 You must promptly execute any powers of attorney or other we deem necessary to obtain or enhance protection for the Marks, to maintain the continued validity and enforceability of the Marks, to further our exercise of its rights under this Agreement, or otherwise.

8.2.8 As between the Parties, we have the sole and exclusive right and interest in and to the Marks and the goodwill associated with and symbolized by them.

8.2.9 The Marks are valid, distinctive, and serve to identify us as the source of the goods and services offered pursuant to those marks and by those who are authorized to operate under the System.

8.2.10 You must not directly or indirectly contest the validity, distinctiveness, or ownership of the Marks, or our right to license the Marks, either during the Term or thereafter.

8.2.11 You have no ownership interest or other interest in or to the Marks, except the license granted by this Agreement.

8.3 Copyrights. You acknowledge that as between the Parties, any and all present or future copyrights relating to the System or the hoots wings restaurant concept, including the Manuals (including the Supplements); the Recipes; our building designs, architectural renderings, and construction plans; and certain forms, advertisements, images, art, photography, promotional materials, and other written materials that we produce (collectively, the **"Copyrights"**) belong solely and exclusively to us or our affiliates. You have no interest in the Copyrights beyond the non-exclusive license granted in this Agreement. Your use of the Copyrights inures to our benefit.

8.4 No Contesting Our Rights. During the Term of this Agreement and after its expiration or termination, you agree not to directly or indirectly contest our or our affiliates' ownership, title, right or interest in or to, or our license to use, or the validity of, (i) the Marks, (ii) the Copyrights, (iii) the Recipes, or (iv) any Trade Secrets (defined below), methods, or procedures that are part of the System (collectively, the **"Intellectual Property"**), or contest our sole right to register, use, or license others to use the Intellectual Property.

8.5 Changes to Intellectual Property. We have the right, upon reasonable notice, to change, discontinue, or substitute for any of the Intellectual Property and to adopt entirely different or new Intellectual Property for use with the System without any liability to you, in our sole discretion. You agree to implement any such change at your own expense within the time we reasonably specify.

8.6 Third-Party Challenges. You agree to notify us promptly of any unauthorized use of the Intellectual Property of which you have knowledge. You also agree to inform us promptly of any challenge by any person or entity to the validity of our ownership of or our right to license others to use any of the Intellectual Property. You will cooperate fully in defending or settling such challenges, as determined exclusively by us.

8.7 Franchisee-Developed Concepts. You agree to disclose to us all ideas, trademarks, service marks, trade dress, copyrightable works, recipes, concepts, methods, techniques, and products conceived or developed by you, your affiliates, owners or employees during the Term of this Agreement relating to the development and/or operation of the Franchised Business ("**Improvements**"). You grant to us all right, title and interest in and to, including moral rights and rights to sue for past infringement, the Improvements and they are deemed owned by us as if our creation. In the event for any reason applicable law will not enforce our ownership of the Improvements, you grant to us and agree to procure from you affiliates, Owners or employees a perpetual, non-exclusive, and worldwide right to use any such ideas, concepts, copyrightable works, trademarks, service marks, trade dress, recipes, methods, techniques and products in all food and beverage service businesses operated by us or our affiliates, franchisees and designees. We will have no obligation to make any payments to you with respect to any such ideas, concepts, methods, techniques, or products. You agree that you must not use or allow any other person or entity to use any Improvement without obtaining our prior written approval.

9. CONFIDENTIAL INFORMATION AND COVENANTS

9.1 Definitions.

9.1.1 "**Confidential Information**" means any information that we disclose to you that we designate as confidential or that, by its nature, would reasonably be expected to be held in confidence or kept secret, whether such disclosure occurred prior to or after the Effective Date. Without limiting the definition of "Confidential Information," all the following will be conclusively presumed to be Confidential Information whether or not we designate them as such: (i) all information that we has marked or designated as confidential; (ii) the Manuals; (iii) our System Standards, training programs, and the material contained in them; (iv) our rules, guidelines, standards, specifications, plans, programs, procedures, and agreements, related to the development, opening, and operation of hoots wings Restaurant; (v) our cost information; and (vi) all other information that we provides to franchisee in confidence, except where such information is a Trade Secret.

9.1.2 "**Trade Secrets**" means information that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who may obtain economic value from its disclosure or use, whether you obtained such information prior to or after the Effective Date of this Agreement. Without limiting the definition of "Trade Secret," all the following will be conclusively presumed to be Trade Secrets whether or not we or any judicial or other administrative body has designated them as such: (i) the System's guest lists, and the contact information of such guests, including, without limitation, guest lists and contact information compiled by you; (ii) our Recipes, lists of ingredients, preparation instructions, and serving instructions; (iii) our advertising, marketing, and public relations strategies; (iv) our marketing analyses; (v) products and services that we proposes to introduce, but that it has not yet introduced; and (vi) our expansion plans.

9.1.3 The terms "Confidential Information" and "Trade Secret" do not include: (i) information generally known to the public at the time we disclose it to you; (ii) information that becomes known to the public after we disclose it to you, unless it becomes known due to your breach of this Agreement or someone else's breach of a duty to maintain confidentiality; or (iii) information you can prove was within your legitimate and unrestricted possession at the time we disclosed it to you.

9.2 Confidentiality. You must not, during the Term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, entity, association, or corporation any Confidential Information, Trade Secret, knowledge, or know-how concerning the methods of operation of the business franchised hereunder which may be communicated to you or of which you may be apprised by virtue of your operation under the terms of this Agreement. You must divulge such Confidential Information only to such of your employees as must have access to it in order to operate the Franchised Business. employee who may have access to any Confidential Information regarding the Franchised Business must execute a covenant with you that s/he will maintain the confidentiality of information s/he receives in connection with her/his association with You. Such covenants will be on a form provided by us which form will, among other things, designate us as a third party beneficiary of such covenants with the independent right to enforce them. You specifically agree that these restrictions are

applicable even before you open the Franchised Business since you will receive valuable information and training about the System and the operation of the Franchised Business before you begin operations of your Franchised Business. You agree that you are liable under this provision even if you do not open the Franchised Business as this Agreement requires.

9.3 Restrictive Covenants.

9.3.1 Definitions.

(a) Competing Activity. "**Competing Activity**" means: (i) owning, developing, opening, managing, supervising, controlling, operating or providing training to any Competing Business; or (ii) authorizing, assisting, inducing or leasing or licensing any property of any kind to another to own, develop, open, manage, supervise, control, operate or provide training to a Competing Business.

(b) Competing Business. "**Competing Business**" means any foodservice business, other than a business you operate pursuant to an agreement with us or our affiliates, that focuses on the sale of chicken wings, chicken sandwiches, chicken tenders or salads, in a fast-casual or counter-service environment. Without limiting the generality of the foregoing, all of the following businesses shall conclusively be deemed to be Competing Businesses: Wing Stop®, Buffalo Wild Wings®, Buffalo's®, T. MAC®; Boston Pizza Restaurant & Sports Bar, Beef "O" Brady's; East Coast Wings; Bar Louie; Old Chicago Pizza & Taproom; Buffalo Wings & Rings; Brass Tap; Native Grill & Wings; Beers of The World; Miller's Ale House; Duffy's Sports Grill; Dave & Buster's and any other restaurant concept that focuses on the sale of the same or similar food and beverage items as offered by a hoots wings Restaurant.

9.3.2 In-Term Covenant Not to Compete. You covenant, warrant, represent, and agree that you, your Owners, and your affiliates will not, during the Term of this Agreement, individually or jointly with others, directly or indirectly, by, through, on behalf of, or in conjunction with, any other person or entity: (i) engage in a Competing Activity; (ii) act as a director, officer, shareholder, partner, member, employee, independent contractor, consultant, principal, agent, or proprietor, or participate or assist in the establishment or operation of, directly or indirectly, any business engaged in a Competing Activity, except that you may purchase or hold less than five percent (5%) of the shares of any publicly-traded business engaged in a Competing Activity; or (iii) divert or attempt to divert any business from your Franchised Business or the System.

9.3.3 Post-Term Covenant Not to Compete. You covenant, warrant, represent, and agree that you, your Principal Owners or your affiliates will not, beginning at the expiration or termination of this Agreement (collectively, a "**Triggering Event**") and continuing for two (2) years thereafter or two (2) year after a court of competent jurisdiction enters an order enforcing this Section 9.3, whichever occurs last, individually or jointly with others, directly or indirectly, by, through, on behalf of, or in conjunction with, any other person or entity: (i) engage in a Competing Activity within (a) your Protected Market Area, (b) any of your Protected Market Areas or

former Protected Market Areas under any other agreement with us or our affiliates; or (c) within a 10-mile radius of any other hoots wings restaurant in existence or under construction as of the date of the Triggering Event (collectively, the "**Restricted Area**"); provided however that you may purchase or hold less than five percent (5%) of the shares of any publicly-traded Competing Business; or (ii) divert or attempt to divert any business from your Franchised Business or the System within the Restricted Area.

9.3.4 Directives. In the event of any dispute related to this Section 9, you hereby direct any third party construing this Section 9, including, without limitation, any court, mediator, master, or other party acting as trier of fact or law:

(a) To conclusively presume that the restrictions set forth in this Section 9 are reasonable and necessary in order to protect: (i) our legitimate business interests, including, without limitation, the interests of our other franchisees; (ii) the confidentiality of our Confidential Information and the secrecy of our Trade Secrets; (iii) the integrity of the System; (iv) our investment in the System; (v) the investment of our other franchisees in their franchised businesses; and (vi) the goodwill associated with the System.

(b) To conclusively presume that this Section 9 was made freely and voluntarily by you, as an independent business operator to which we delivered good and valuable consideration, in an arms-length commercial transaction between skilled and experienced business professionals.

(c) To conclusively presume that the restrictions set forth in this Section 9 will not unduly burden your ability to earn a livelihood.

(d) To construe this Section 9 under Laws governing distribution contracts between commercial entities in an arms-length business transaction, and not under Laws governing contracts of employment.

(e) To conclusively presume that any violation of any of the terms of this Section 9: (i) was accompanied by the misappropriation and inevitable disclosure of our Confidential Information, Trade Secrets, and other methods and procedures; and (ii) constitutes a deceptive and unfair trade practice and unfair competition.

9.4 Individual Covenants. You agree that you will require all Owners and managers who we designate to sign a confidentiality and non-competition agreement in your form that we have approved. Your failure to obtain execution of a covenant required by this Section 9 will constitute a default under this Agreement.

9.5 Reduction in Scope. You understand and acknowledge that we have the right to reduce the scope of any covenant set forth in Section 9 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 must comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 21 below.

9.6 Claims Not a Defense. You expressly agree that the existence of 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 in this Section 9. You agree to pay all costs and expenses (including reasonable attorneys' fees) we incur in connection with the enforcement of this Section 9.

9.7 Defaults. You acknowledge that your violation of the terms of this Section 9 would result in irreparable injury to us for which no adequate remedy at law may be available, and you accordingly consent to the issuance of an injunction prohibiting any conduct by you in violation of the terms of this Section 9.

10. ACCOUNTING, RECORDS, AND INSPECTIONS

10.1 Inspections.

10.1.1 You grant us, as well as any third-party representative which we may from time to time designate, the right to enter the Site and Franchised Business at any time to inspect, photograph, audiotape, or videotape the Franchised Business and the equipment and operations thereof, to ensure compliance with this Agreement, the System Standards and the Manuals; provided, however, that we and our designated third-party representative, in the exercise of this right, will use reasonable efforts to prevent what we deem to be unnecessary disruption or interference with the operation of the Franchised Business. You must cooperate with us and our designated third-party representative in such inspections by rendering such assistance as we and our designated third party representative may request, and must enforce and comply with all inspection standards we may establish; and, on notice from us, and without limiting our other rights under this Agreement, will take such steps as may be necessary to correct immediately the deficiencies detected during any such inspection, including, without limitation, immediately desisting from the further use of any products, equipment, services, or supplies, including, without limitation, advertising material, that do not conform to our then-current standards or specifications.

10.1.2 You further agree to permit us, as well as any third-party representative which we may from time to time designate, at any time, to remove from the Franchised Business samples of items without payment therefor, in amounts reasonably necessary for testing by us or an independent laboratory to determine whether such samples meet our then-current standards and specifications. We may require you to bear the cost of such testing if we have not previously approved the supplier of the item, or if the sample fails to conform to our specifications.

10.1.3 We and our designated agents will have the right, at all times, to examine and copy, at our expense, the books, records, tax returns, and tax filings of you and the Franchised Business. We will also have the right, at any time, to have an independent audit made of the books of the Franchised Business. If an inspection reveals that any payments to us have been understated in any report to us, you must immediately pay to us the amount understated on our demand, plus interest on such amount from the date such amount came due until paid, at the Default Rate, calculated on a daily basis. If an inspection discloses an understatement in any payment to us of two percent (2%) or more, you must, in addition, reimburse us for any and all costs and expenses related to the inspection (including, without limitation, travel, food, lodging, and wage expenses of our personnel, and accounting and legal fees and costs); and, at our discretion, will submit audited

financial statements prepared, at your expense, by an independent certified public accountant satisfactory to us. If an inspection discloses an understatement in any payment to us of four percent (4%) or more, such act or omission will constitute grounds for termination of this Agreement. The foregoing remedies will be in addition to any other remedies we may have pursuant to this Agreement or at law, in equity, or otherwise.

10.2 Accounting and Records

10.2.1 You must maintain, and will preserve for at least four (4) years after the dates of their preparation, full, complete, and accurate books, records, and accounts, prepared in accordance with generally-accepted accounting principles consistently applied, in the form and manner we prescribe.

10.2.2 You must submit to us:

(a) After the opening of the Franchised Business: (i) a royalty report, on a four (4)-week accounting period basis, in the form we prescribe, that accurately states all Gross Sales during each preceding four (4)-week accounting period and that provides such other data or information as we may require, so that we actually receives such report by the end of ten (10) days after the end of each such four (4)-week accounting period; (ii) profit and loss statements and balance sheets prepared in a form that we will designate and in accordance with generally-accepted accounting principles consistently applied for each accounting period, so that we actually receives such information by the end of fifteen (15) days after the end of each period covered by the report; and (iii) copies of all tax returns that you are required by Law to file related to the Franchised Business, so that we actually receive such returns by the end of ten (10) days after the end of the applicable tax reporting period.

(b) Reports of daily receipts, vendor purchases, payroll payments, and such other forms, reports, records, and information as we may request from time to time, and reports of all rebates, discounts, allowances, marketing assistance, or other benefits received from vendors, on forms we provide to You or in the form we specify.

(c) Such records, reports, documents, data, certificates, and other information related to this Agreement, your obligations, or the Franchised Business, as we may require, so that we actually receive such items by the end of ten (10) days after our request.

10.2.3 You must, at your expense, provide to us a profit and loss statement and balance sheet, accompanied by a review report certified by your chief executive officer or chief financial officer, within ninety (90) days after the end of each of your fiscal years, showing the results of operations of the Franchised Business during such fiscal year. We reserve the right to require you to have such review report prepared by an independent certified public accountant satisfactory to us.

10.2.4 You must comply with the daily accounting and reporting procedures we prescribe, as modified from time to time, and will purchase the accounting and reporting equipment, including, without limitation, point of sale equipment, that we require.

10.2.5 You hereby grant permission to us to release to your landlord, lender(s) or prospective landlord(s) and lender(s), any financial and operational information relating to you and/or the Franchised Business; however, we have no obligation to do so. Additionally, you grant permission to us to request and obtain information from its landlord(s) and lender(s) and for such landlords and lenders to respond to any and all questions from us regarding you and/or the Franchised Business.

11. ADVERTISING

11.1 Grand Opening Advertising. You must spend at least $10,000 in Grand Opening Marketing Expenses (the "**Grand Opening Marketing Expense**") to promote the grand opening of the Franchised Business. The Grand Opening Marketing Expense must be expended during the 60-day period beginning 30 days prior to your Opening Date and ending and 30 days after your Opening Date. We will provide a list of marketing assets/partners as an option for you to utilize to promote the grand opening. However, you may utilize other local marketing partners instead. You must provide receipts of expenditures for the Grand Opening Marketing Expense to us upon request. We must approve all advertising you use related to your hoots wings Restaurant before you publish it.

11.2 National Ad Fund.

11.2.1 We or its designee may, upon ninety (90) days' prior written notice to you, establish and then administer and maintain a fund (the "**National Ad Fund**"), on terms we determine. You agree to pay us the National Ad Fund Fee. We or our designee will direct all advertising and promotional programs with sole discretion over the creative concepts, content, sponsorships, materials, and endorsements for any marketing programs, together with the geographic, market, and media placement, and allocation thereof. You acknowledge and agree that we may use the National Ad Fund, in our sole discretion, to, among other things, fund advertising, promotional, and public relations activities; pay costs of producing, preparing, distributing, and using marketing, advertising, and other materials and programs; administer national, regional, and other marketing programs; purchase sports or entertainment sponsorships; purchase media; employ advertising, public relations, and other agencies and firms; support or conduct market research or customer survey programs; conduct mystery shopper and other customer service survey and response programs; software, apps and other technology products for the System; conventions and pageants, engage in strategic marketing and pay administrative costs, accounting fees, and overhead related to the National Ad Fund. In connection therewith, the National Ad Fund will have the right to hire consultants, some of whom may be affiliated with us, such as an in-house advertising agency, to assist with marketing programs and materials for the System. You acknowledge and agree that the National Ad Fund will be used to, directly and indirectly, maximize general public recognition and acceptance of the Marks and all hoots wings restaurant, and that we will not be obligated in administering the National Ad Fund to undertake expenditures for you that are equivalent to your contribution, or to ensure that any particular program benefits you directly or pro rata from expenditures the National Ad Fund makes. We will prepare annual financial

statements for the National Ad Fund and will furnish these to you upon your reasonable written request. We may choose to have such statements audited and for any related accounting/auditing costs to be paid by the National Ad Fund but are not obligated to do so.

11.2.2 All sums you pay to the National Ad Fund will be maintained in an account separate from the other monies of us, and will not be used to defray any of our expenses, except for such administrative costs and overhead as we may incur in activities reasonably related to the administration or direction of the National Ad Fund and advertising programs for franchisees under the System. The National Ad Fund will not otherwise inure to our benefit. We or our designee will maintain separate bookkeeping accounts for the National Ad Fund.

11.2.3 We anticipate that most contributions to and earnings of the National Ad Fund will be expended for advertising or promotional purposes during the taxable year in which the National Ad Fund receives such contributions and earnings. To the extent that excess amounts remain in the National Ad Fund at the end of such taxable year, all expenditures in the following taxable year will be made first out of accumulated earnings from previous years, next out of earnings in the current year, and finally from contributions. We, in our sole discretion, may spend in any fiscal year an amount greater or less than any aggregate contributions to the National Ad Fund in that year. We may cause the National Ad Fund to borrow from Us or our affiliates or other lenders to cover deficits of the National Ad Fund. We may cause the National Ad Fund to invest any surplus for future use.

11.2.4 The National Ad Fund will not be an asset of us or our designee. We will not have any direct or indirect liability or obligation to You, the National Ad Fund, or otherwise, related to the maintenance, management, direction, administration, or otherwise of the National Ad Fund. You acknowledge and agree that: (i) your and our rights and obligations with respect to the National Ad Fund and all related matters are governed solely by this Agreement; and (ii) this Agreement and the National Ad Fund are not in the nature of a "trust," "fiduciary relationship," or similar special arrangement, and are rather an arms-length commercial relationship between independent business entities for their independent economic benefit.

11.2.5 We retain the right to terminate the National Ad Fund. We will not terminate the National Ad Fund until all monies in the National Ad Fund have been expended for advertising or promotional purposes or returned to contributors on the basis of their respective contributions.

11.3 Local Advertising.

11.3.1 You must spend each calendar year at least a percentage of the Gross Sales of the Franchised Business on qualifying local advertising and promotion as we may designate from time to time (the "**Minimum Local Advertising Expenditure**"). We will not require that the aggregate of the Minimum Local Advertising Expenditures, Local Advertising Cooperative contributions and National Ad Fund Fee exceed 5.5% of your Gross Sales. Within 6 months of the end of each calendar year, you must provide receipts evidencing qualified expenditures toward your Minimum Local Advertising Expenditure. If you fail to meet the Minimum Local Advertising Expenditure in any year, then you must pay to us an amount equal to

the Minimum Local Advertising Expenditure for such year *minus* the amount of qualifying expenditures you actually spent on local advertising and promotion in such year (the "**Shortfall Payment**"). Notwithstanding the foregoing, your failure to meet the Minimum Local Advertising Expenditure is a breach of this Agreement and your payment of the Shortfall Payment will not cause us to waive any rights we have with respect to such breach under this Agreement.

11.3.2 You must comply with the local advertising obligations set forth in this Agreement and the Manuals. You may conduct such additional local advertising and promotion of the Franchised Business as you deem appropriate. All advertising and promotion you conduct must conform to such standards and requirements as we may specify. You must submit to us for our prior written approval samples of all advertising and promotional plans and materials that you desire to use and that we have not prepared or previously approved. You must display the Marks in the manner we prescribe on all signs and other advertising and promotional materials used in connection with the Franchised Business. During the Term, we may, in our sole judgment, designate which expenditures will, or will not, count toward your required Minimum Local Advertising Expenditure. For example, amounts spent on advertising media (such as television, radio, newspaper, magazines, and outdoor advertising), point-of-sale advertising materials and programs (such as in-restaurant graphics but excluding permanent signage), point-of-purchase materials (excluding packaging), brochures, catalogs and mails are qualifying expenditures. Non-qualified expenses include basic satellite and/or cable television subscriptions, music subscriptions, any form of video entertainment services, and salary and other compensation expenses associated with your (or its affiliate's) employees. Any promotional offer fulfillment, coupon redemption, whether in the form of free food or price reduction, or any other discount of any kind is not a permissible local advertising expense.

11.3.3 We may provide to you, at your expense, such advertising and promotional plans and materials as we deem advisable for local advertising. We may develop advertising programs for the promotion of the Marks or merchandise offered at hoots wings restaurant, and you must comply with the requirements of such programs.

11.4 Local Advertising Cooperatives. If a local advertising cooperative or LAA (defined below) is established for an area that includes your Protected Area (the "**Designated Area**"), you will be required to contribute to it an amount determined by the local or regional advertising cooperative as set forth in this Section 11.4, and upon 90 days' notice from us, we may require that some or all of you Minimum Local Advertising Expenditure be contributed to the LAA. We may require that such a local advertising cooperative or LAA is established for your local area or region, and may require that advertising cooperative rules, governing documents and expenditures be subject to our approval. When two or more hoots wings restaurant, including the Franchised Business, are opened in your Designated Area (or other Designated Area designated by us), you will become a "**Member**" of and participate in a local advertising group (the "**Local Advertising Association**" or the "**LAA**") which will conduct and administer media advertising, promotion, marketing and public relations ("**Advertising and Marketing**") for the benefit of the hoots wings restaurant located in the Designated Area, subject to the following terms and conditions:

11.4.1 The LAA will consist of all hoots wings Restaurants in the Designated Area, including the hoots wings Restaurants owned by us or an affiliated company in the Designated Area. Each hoots wings Restaurant in the area governed by it must make its required contributions and participate in its activities and be subject to its governing documents.

11.4.2 Each hoots wings restaurant in the Designated Area, including the hoots wings restaurants owned by us or an affiliated company, will be a Member of the LAA. Each Member will have one vote for each franchised or company-owned hoots wings restaurant owned by it in the Designated Area on all matters to be voted upon at duly convened meetings.

11.4.3 Each Member will be given five days' written notice of any proposed meeting. A quorum consisting of a majority of all Members of the LAA will be required to convene any meeting of the LAA. A majority vote by the Members present at a duly convened meeting will be required to pass any proposed resolutions or motions. All meetings will be conducted according to Robert's Rules of Order.

11.4.4 The purpose of the LAA will be to conduct Advertising and Marketing for the benefit of all hoots wings restaurants located in the Designated Area.

11.4.5 The LAA will not conduct any Advertising and Marketing program or campaign for the hoots wings restaurants in the Designated Area unless and until we have given the LAA prior written approval for all concepts, materials or media proposed for any such Advertising and Marketing program or campaign.

11.4.6 On or before the 10th day of each month, each Member of the LAA will contribute up to 3% of the monthly Gross Revenues generated during the previous month by the Member's hoots wings restaurant to the LAA (the "**Local Advertising Cooperative Fee**"). The Local Advertising Cooperative Fee may be increased to greater than 3% of Gross Sales if 50% or more of its members vote in favor of doing so. The Local Advertising Cooperative Fee contributed by the Members will be used by the LAA for Advertising and Marketing programs and campaigns for the benefit of all hoots wings restaurants in the Designated Area. The cost of all Advertising and Marketing in the Designated Area must be approved by a majority vote of all Members present at a duly convened meeting. If the cost of the Advertising and Marketing approved by the Members exceeds the amount of funds available to the LAA, then the Local Advertising Cooperative Fee payable by you and all other Members to the LAA pursuant to this provision may be increased by vote of a majority of the Members present at a duly convened meeting. You will contribute the amount of the Local Advertising Fee agreed to by the Members to the LAA in accordance with this provision.

11.4.7 The LAA will, within 20 days after the end of each calendar quarter, furnish to us and its Members in the form prescribed by us, a written summary of the Members' contributions to the LAA and an accurate accounting of the LAA's expenditures for approved Advertising and Marketing.

11.4.8 The Local Advertising Cooperative Fee paid by you to the LAA may be applied to the 5.5% Minimum Local Advertising Expenditure requirement in this Agreement. Otherwise, contributions to the LAA by you pursuant to this provision will be in

addition to the payment of the National Ad Fund Fees and your other advertising obligations set forth in this Agreement.

11.5 Digital Marketing.

11.5.1 Restrictions. We or our affiliates, in our sole discretion, may establish and operate websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, Snapchat, TikTok, etc.), applications, keyword or adword purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, Living Social, etc.), mobile applications, online videos, display banner campaigns, branded content social media campaigns, e-mail marketing campaigns, or other means of digital advertising on the Internet or any other means of digital or electronic communications (collectively, "**Digital Marketing**") that are intended to promote the Marks, your Franchised Business, and the entire network of Businesses. We will have the sole right to control all aspects of any Digital Marketing, including those related to the Franchised Business.

11.5.2 Digital Marketing By You. Unless we consent otherwise in writing, you may not, directly or indirectly, conduct or be involved in any Digital Marketing that use the Marks or that relate to the Franchised Business. If we do permit you to conduct any Digital Marketing, you must (i) comply with any Standards or content requirements that we establish periodically and must immediately modify or delete any Digital Marketing that we determine, in our sole discretion, is not compliant with such Standards or content requirements, (ii) only use materials that we have approved and must submit any proposed modifications to us for our approval, (iii) not use any Mark on any aspect of the Digital Marketing (including in any domain name, address, or account) except as we expressly permit, (iv) include any information that we require, and (v) include only the links that we approve or require. We retain the right to pre-approve your use of linking and framing between any Digital Marketing that you conduct and all other websites. If we consent to your use of the Marks (or words or designations similar to the Marks) in any domain name, electronic address, website, or other source identifier, we may register such names, addresses, websites, or identifiers and then license use of the registered item back to you under a separate agreement. You must pay all costs due for registration, maintenance, and renewal of any such names, addresses, websites, or identifiers that we approve and maintain on your behalf. We retain the ownership of Copyright to any of the materials that you may develop for use on the Internet. We may withdraw our approval for any Digital Marketing at any time.

11.5.3 Electronic Identifiers; E-Mail. You must not use the Marks or any abbreviation or other name associated with us and/or the System as part of any e-mail address, domain name, and/or other identification of You in any electronic medium without our prior consent. You agree not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without first obtaining our written consent as to: (a) the content of such e-mail advertisements or solicitations; and (b) your plan for transmitting such advertisements. In addition to any other provision of this Agreement, you must be solely responsible for compliance with any Law pertaining to sending e-mails including but not limited to the "CAN-SPAM Act of 2003."

11.6 Our Advertising Materials. We may periodically formulate, develop, produce, and conduct, at our sole discretion, advertising or promotional programs in such form and media as we determine to be most effective. We may make available to you for you to purchase approved advertising and promotional materials, including signs, posters, collaterals, etc. that we have prepared. We or our affiliates will retain all copyrights relating to such advertising materials.

12. INSURANCE

12.1 You must obtain, prior to the commencement of any operations under this Agreement, and will maintain in full force and effect at all times, at your expense, an insurance policy or policies insuring You, together with Hawk Parent, LLC and its subsidiaries (including Hooters of America, LLC) and HOA Holdco, LLC and its subsidiaries as additional insureds, against any demand or claim related to personal injury, death, or property damage, or any other loss, expense, liability, damage, or damages whatsoever, arising out of or related to the Franchised Business.

12.2 Such policy or policies will be written by an insurance company rated A-minus or better, in Class 10 or higher, by A.M. Best Insurance Ratings Service, must be satisfactory to us, and must be in accordance with standards and specifications set forth in the Manuals or otherwise in writing from time to time, and must include, at a minimum (except as we may specify additional coverages and higher policy limits from time to time), the following initial minimum coverages:

12.2.1 (i) Commercial general liability insurance, including coverage for products liability, completed operations liability, contractual liability, personal injury, advertising injury, fire damage, medical expenses, and liquor liability, having a combined single limit for bodily injury and property damage of One Million Dollars ($1,000,000) per occurrence and Two Million Dollars ($2,000,000) in the aggregate (except for fire damage and medical expense coverages, which may have limits of not less than Fifty Thousand Dollars ($50,000) for one fire and Five Thousand Dollars ($5,000) for one person, respectively); plus (ii) non-owned automobile liability insurance and, if you own, rent, or identify any vehicles with any Marks or if vehicles are used in connection with the operation of the Franchised Business, automobile liability coverage for owned, non-owned, scheduled, and hired vehicles, having limits for bodily injuries of One Hundred Thousand Dollars ($100,000) per person and Three Hundred Thousand Dollars ($300,000) per accident, and property damage limits of Fifty Thousand Dollars ($50,000) per occurrence; plus (iii) excess liability umbrella coverage for the general liability and automobile liability coverages in an amount of not less than Three Million Dollars ($3,000,000) per occurrence and in the aggregate. All such coverages must be on an occurrence basis and must provide for waivers of subrogation.

12.2.2 Comprehensive crime and blanket employee dishonesty insurance in an amount not less than One Hundred Thousand Dollars ($100,000).

12.2.3 All-risk property insurance, including theft and flood coverage (when applicable), covering the Franchised Business building, improvements, furniture, fixtures, equipment, and food and beverage products. Coverage must be written in a value that will cover not less than eighty percent (80%) of the replacement cost of the

building and one hundred percent (100%) of the replacement cost of the contents of the building.

12.2.4 Business interruption insurance of not less than Fifty Thousand Dollars ($50,000) per month, and must cover at least your obligations with respect to leases, royalties, advertising fund obligations, fixed costs, and other recurring expenses with a limit of not less than six (6) months of coverage.

12.2.5 Workers' compensation/employer's liability insurance and such other insurance as may be required by Law, including unemployment compensation insurance, disability insurance and other mandatory insurance, in such coverages as the Law may now or later require.

12.2.6 Employment practices liability insurance of not less than One Million Dollars ($1,000,000).

12.2.7 Cyber liability insurance of not less than One Million Dollars ($1,000,000).

12.2.8 Dram Shop/ Alcohol Liability (only required if alcohol beverages are sold or served) of not less than One Million Dollars ($1,000,000).

12.3 Your obligation to obtain and maintain the foregoing policy or policies in the amounts specified will not be limited in any way by reason of any insurance that we may maintain, nor will your performance of such obligations relieve you of liability under the indemnity provisions set forth in Section 17 of this Agreement.

12.4 Prior to the opening of the Franchised Business, and thereafter at least thirty (30) days prior to the expiration of any such policy, you must deliver to us certificates of insurance evidencing the proper coverage with limits not less than those required under this Agreement. All certificates will expressly provide that the insurer will give us not less than thirty (30) days' prior written notice in the event of material alteration to, termination of, non-renewal of, or cancellation of, the coverages evidenced by such certificates.

13. TRANSFER OF INTEREST

13.1 Transfer by us. We will have the absolute right to transfer, assign, and delegate all or any part of its rights and obligations under this Agreement to any person or entity we deem appropriate. Such transfer, assignment, or delegation will affect a complete novation as to the right or obligation transferred, assigned, or delegated. After such transfer, assignment, or delegation, you must look solely to the transferee, assignee, or delegatee, and not to us, for the satisfaction of any obligation transferred, assigned, or delegated. We may also, without your consent, transfer, assign, or otherwise alter any or all of the ownership in us.

13.2 Transfer by you or your Owners.

13.2.1 Definitions.

(a) **"Transfer"** as a verb means to sell, assign, give away, transfer, pledge, mortgage, or encumber, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings), direct, indirect, or beneficial

interest in this Agreement, the Franchised Business, substantially all the assets of the Franchised Business, or in the ownership of you (if you are an entity). **"Transfer"** as a noun means any such sale, assignment, gift, transfer, pledge, mortgage, or encumbrance

(b) A "**Control Transfer**" means any Transfer of (i) this Agreement or any interest in this Agreement; (ii) the Franchised Business or all or substantially all of the Franchised Business's assets; or (iii) any Controlling Ownership Interest (defined below) in you (if you are an entity), whether directly or indirectly through a transfer of legal or beneficial ownership interests in any Owner that is an entity, and whether in one transaction or a series of related transactions, regardless of the time period over which these transactions take place.

(c) A "**Controlling Ownership Interest**" in you (if you are an entity) means either (i) 25% or more of the direct or indirect legal or beneficial ownership interests in you, or (ii) an interest the acquisition of which grants the power (whether directly or indirectly) to direct or cause the direction of management and polices of you or the Franchised Business to any individual or entity, or group of individuals or entities, that did not have that power before that acquisition. Notwithstanding the foregoing, a Control Transfer shall not include a Transfer to an entity wholly owned by you.

13.2.2 No Transfer Without Consent. This Agreement and the license are personal to you, and we have granted the license in reliance on your (and, if you are an Entity, your Owners') business skill, financial capacity, and personal character. Accordingly, neither you nor any of the Owners or any successors to any part of your interest in this Agreement or the license may make any Transfer or permit any Transfer to occur without obtaining our prior written consent.

13.2.3 Conditions Precedent. We may, in our sole discretion, require any or all of the following as conditions precedent to our consent to a Transfer:

(a) You and your affiliates must satisfy all monetary obligations and other outstanding obligations owed to us, our affiliates, and your other creditors.

(b) You, your Owners, and your affiliates must have complied with this Agreement, any amendment to this Agreement, and all other agreements between you, your Owners or such affiliates on the one hand, and us or our affiliates on the other hand; and, at the time of Transfer, must not be in default of any such agreements.

(c) You must, along with the application to us for approval of a Transfer, pay a transfer application fee of $2,500 (the "**Transfer Application Fee**").

(d) You, your Owners, transferor, and transferee must duly execute and deliver to us the then-current form of transfer and assumption agreement, which transfer and assumption agreement: (i) will require the transferee to assume and agree to discharge all of the obligations of the transferor; (ii) will provide that the transferor will remain liable for all of the obligations to us and our affiliates in connection with the Franchised Business arising

prior to the effective date of the Transfer; (iii) will contain a Release, the form of which will be prescribed by us; and contain an Owner Guaranty for that transferee.

13.2.4 In addition to the requirements set forth in Section 13.2.3, if a Transfer is a Control Transfer, we may, in our sole discretion, require any or all of the following as conditions precedent to our consent to such transfer:

(a) The transferee must enter into our then-current form of franchise agreement (the "**Replacement Franchise Agreement**"). The provisions of the Replacement Franchise Agreement may differ materially from the provisions of this Agreement. We will not require the transferee to pay the Franchise Fee set forth in this Agreement. The initial term of the Replacement Franchise Agreement will be the balance remaining of the Initial Term of this Agreement.

(b) The transferor or transferee must pay us a transfer fee in an amount equal to the greater of fifty percent (50%) of our then-current Franchise Fee (the "**Transfer Fee**"). Any Transfer Application Fee paid by you specifically for the proposed Controlling Interest Transfer will be credited against the payment of the Transfer Fee.

(c) The transferee, at its expense, must renovate the Franchised Business, and must complete such obligation to Renovate by the end of the time we may specify.

(d) The transferee and, if applicable, the transferee's designated general manager, must complete any training programs then in effect for new franchisees prior to the effective date of such Transfer, on such terms and conditions as we may reasonably require.

(e) The transferee must agree to a sublease, or to a transfer and assumption, of the lease of the Site from the original franchisee, and must obtain the landlord's approval prior to any transfer or sublease, if applicable.

13.2.5 Any purported Transfer that does not comply with this Section 13.2 will be voidable by us, and will be a default of this Agreement that will permit us to terminate this Agreement pursuant to Section 14 of this Agreement.

13.3 Granting Consent. We have sole and absolute discretion to withhold our consent to a Transfer, except as otherwise provided in this Section 13. Without limiting the foregoing, we will not consent to a Transfer, and we are under no obligation to do so, if (i) the Franchised Business is not open and operating; or (ii) the Transfer would cause a transferee or its owners to breach another agreement (whether or not with us). Our consent to a Transfer does not constitute a waiver of any claims that we have against the transferor, nor is it a waiver of our right to demand exact compliance with the terms of this Agreement.

13.4 Right of First Refusal.

13.4.1 You and any Owner who desires to accept any bona fide offer from a third party to purchase any Interest will notify us in writing of each such offer, and will provide such information and documentation related to the offer as we may require, including, without limitation, a true copy of any such offer. We will have the right and option, exercisable within 30 days after we receive such written notification, to send written notice to the seller that we may desire to purchase the Interest on substantially the same terms and conditions as offered by the third party. To enable us to determine whether it will exercise its option, you or your Owners, as appropriate, and the third party will provide such information and documentation, including, without limitation, financial statements, as we may require. In the event that we elect to purchase such Interest, closing on such purchase must occur within 90 days after the date of notice to the seller of our election to purchase such Interest. Our election not to exercise the option afforded by this Section 13.4 will not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 13 related to a proposed Transfer of any Interest. Any subsequent change in the terms of any offer prior to closing will constitute a new offer subject to the same rights of first refusal by us as in the case of an initial offer. We may assign our right of first refusal under this Section 13 upon written notice to you to any of our affiliates or a third party.

13.4.2 In the event that the consideration, terms, or conditions offered by a third party are such that we may not reasonably be required to furnish the same consideration, terms, or conditions, then we may purchase such Interest for the equivalent in cash. If the parties cannot agree within a reasonable time on the cash consideration, we will designate an independent appraiser experienced in appraising such Interest, and the determination of such appraiser will be conclusive and binding on all parties.

13.5 Transfer On Death or Mental Incompetence. If you or one of your Owners dies or becomes incapacitated, that person's executor, administrator, personal representative, or trustee must apply to us in writing within one (1) year after such event (death or declaration of incapacitation) for consent to Transfer you or the Owner's interest. The Transfer will be subject to the provisions of this Section 13, as applicable. "**Incapacitation**" and "**Incapacity**" for purposes of this Agreement, will mean the appointment of a guardian for you or the Owner by a court of competent jurisdiction. Such Transfers, including, without limitation, Transfers by devise or inheritance, will be subject to the same conditions as any inter vivos Transfer. However, in the case of Transfer by devise or inheritance, if the heirs or beneficiaries of you or any such Owner are unable to satisfy the conditions in this Section 13 within such one (1)-year period, we may terminate this Agreement or may exercise its option to purchase the Interest at fair market value, as determined by an independent appraiser we designate, which determination will be conclusive and binding on all parties.

13.6 Interim Operation of the Franchised Business. Pending assignment on the death of you or the Owner who is managing the Franchised Business on behalf of you (if you are an entity), or in the event of any temporary or permanent mental or physical incapacitation of you or such Owner (if you are an entity), a manager must be employed for the operation of the Franchised Business who has successfully completed our approved manager training program, to serve as General Manager and to operate the Franchised Business if

the Franchised Business is not already being so managed. You hereby grant to us the right, but not the obligation, to immediately take such steps as we determine are necessary to, on your behalf, manage the Franchised Business for you, until such time as you appoint a new General Manager who has been trained pursuant to Section 5 of this Agreement. You agree to hold us and our respective directors, officers, agents, employees, attorneys and shareholders harmless from all claims or damages arising out of or connected with our management of the Franchised Business. You must pay us, in addition to all other amounts due pursuant to the terms of this Agreement a fee of ten percent (10%) of the Gross Sales, plus costs during the period in which the Franchised Business is so managed by us.

13.7 Your Financing or Securities Documents. You (and your affiliates) must not represent in any proposed financing arrangement to any proposed lender or participant in a private or public investment offering that we or any of our affiliates is or will be in any way responsible for your (or your affiliate's) obligations or financial projections, if any, set forth in such financing arrangement or investment offering, or that we or any of our affiliates is or will be participating in such private or public investment offering. We assume no responsibility, liability or obligation whatsoever to review or comment on any offering circular, prospectus or financing documents of you or any of its affiliates. We will be entitled to indemnification pursuant to Section 17 regardless of whether we have made any review or comment with respect to any offering circular, prospectus or financing documents of you or your affiliates.

14. DEFAULT AND TERMINATION

14.1 Automatic. You must be deemed to be in default under this Agreement, and all rights granted herein will automatically terminate without notice to you, if you becomes insolvent or makes a general assignment for the benefit of creditors; or if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; or If you are adjudicated a bankrupt or insolvent; or if a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you; or 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 if proceedings for a composition with creditors under any Law should be instituted by or against you; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless unappealed or a supersedeas bond is filed); or If you are dissolved; or if execution is levied against your business or property; or if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of the Franchised Business will be sold after levy thereupon by any sheriff, marshal, or constable.

14.2 With Notice. We have the right to terminate this Agreement without affording you any opportunity to cure the default, effective on our sending of notice of termination to you (or the earliest date permitted by applicable Law), if:

14.2.1 If you fail to acquire or lease a site for the Franchised Business by the Site Acquisition Deadline;

14.2.2 If you fail to open the Franchised Business by the Opening;

14.2.3 Except as otherwise provided in this Agreement, if you at any time cease to operate or otherwise abandon the Franchised Business for five (5) consecutive days, or otherwise forfeit the right to do or transact business in the jurisdiction where the Franchised Business is located;

14.2.4 If you, or any Owner is convicted of or pleads nolo contendere to a felony, fraud, sale of illegal drugs, crime involving moral turpitude, crime that is directly related to the Franchised Business, or any other crime that we determine to have an adverse effect on the Franchised Business, the System, the Marks, the goodwill associated with the Marks, or our interest in the Marks;

14.2.5 If you or any Owner purports to effectuate a Transfer in a manner that is contrary to the terms of Section 13 above;

14.2.6 If you fail to (i) comply with the in-term covenants set forth in this Agreement (including the covenants set forth in Sections 8 and 9), or (ii) obtain execution of the Individual Non-Disclosure and Non-Competition Agreement in a form acceptable to us;

14.2.7 If you knowingly maintain false books or records, or submit any false reports (including, but not limited to, information provided as part of your application for the franchise rights granted herein) to us;

14.2.8 If you commit two (2) or more defaults under this Agreement in any fifty-two (52)-week period, whether or not each such default has been cured after notice;

14.2.9 If you engage in any conduct or practice that is fraudulent, unfair, unethical, or a deceptive practice;

14.2.10 If you offer or provide delivery services from the Franchised Business through a provider other than a Third-Party Delivery Provider or any other method that has not been prescribed by us;

14.2.11 If your interest in the lease or sublease for the Site is terminated or expires or if you otherwise lose possession of the Site; or

14.2.12 If you misuse or make any unauthorized use of the Marks or otherwise materially impair the goodwill associated with the Marks or our rights in the Marks.

14.3 With Notice and Ten (10)-Day Opportunity to Cure. Upon the occurrence of any of the following events of default, we may, at our option, terminate this Agreement by sending written notice of termination stating the nature of the default to you at least ten (10) days prior to the effective date of termination; provided, however, that you may avoid termination by immediately initiating a remedy to cure such default, curing it to our satisfaction, and by promptly providing proof thereof to us within the ten (10)-day period. If any such default is not cured within the specified time, or such longer period as may be required by Law, this Agreement will terminate without further notice to you, effective immediately.

14.3.1 If you fail, refuse, or neglect promptly to pay any monies owing to us or our affiliates when due;

14.3.2 If you fail, refuse, or neglect promptly to pay any monies owing to third parties, lessors, or lenders or creditors of the Site;

14.3.3 If a threat or danger to public health or safety results from the maintenance or operation of the Franchised Business;

14.3.4 If you sell products not previously approved by us, or purchase any product from a supplier not previously approved by us;

14.3.5 If you fail to comply with Laws;

14.3.6 If you, or any of your affiliates or Owners, default under any other agreement with us or our affiliates;

14.3.7 If you refuse to permit us to inspect the Site, the Franchised Business, or the books, records, or accounts of you and/or the Franchised Business upon demand;

14.3.8 If an inspection of your books and records discloses an understatement in any payment to us of four percent (4%) or more;

14.3.9 If you fail to operate the Franchised Business during such days and hours specified in the Manuals;

14.3.10 If you are unable or unwilling to provide individuals who can complete the manager training program to our sole satisfaction, or if we reasonably determine that the individuals whom you have presented for manager training lack the skills to operate the Franchised Business successfully, pursuant to Section 6 of this Agreement;

14.3.11 If you fail, refuse, or neglect promptly to submit certificates of insurance to us when due as required under Section 12;

14.3.12 If you fail to maintain or observe any of the health and sanitation standards and procedures prescribed by us in this Agreement, the Manuals, by Laws, or otherwise in writing; or

14.3.13 If you fail to operate the Franchised Business in compliance with the standards and specifications in our Manuals.

14.4 With Notice and Thirty (30)-Day Opportunity to Cure. Except as otherwise provided in Sections 14.1, 14.2 and 14.3 above, upon any other default by you or its obligations hereunder, we may terminate this Agreement by giving written notice setting forth the nature of such default to you at least thirty (30) days before the effective date of termination; provided, however, that you may avoid termination by immediately initiating a remedy to cure such default, curing it to our satisfaction, and by promptly providing proof thereof to us, all within the thirty (30)-day period. If any such default is not cured within the specified time, or such longer period as may be required by Law, this Agreement will terminate without further notice to you effective immediately.

14.5 Limitations on Actions. Any and all claims (except for monies due to us) arising out of or related to: (i) the offer for sale, sale, negotiation, administration, or termination of the Franchise or this Agreement; (ii) the development, opening, operation, or closure of the Franchised Business; or (iii) the relationship between the parties, will be barred unless an action is properly filed in a court of competent jurisdiction or an arbitration proceeding as contemplated under this Agreement within one (l) year after the date you on the one hand, or us on the other hand, knows or should have known of the facts giving rise to such claim, except to the extent any Law provides for a shorter period of time to bring a claim.

15. OBLIGATIONS ON TERMINATION OR EXPIRATION

On termination or expiration of this Agreement for any reason, all rights granted to you under this Agreement will immediately terminate, and:

15.1 You must immediately cease to operate the Franchised Business, and will not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former franchisee of our System.

15.2 You must immediately and permanently cease to use, in any manner whatsoever, any or all of: (i) our Confidential Information or Trade Secrets; and (ii) the Marks. Without limiting the generality of the foregoing, you must cease to use all signs, advertising materials, displays, stationery, forms, and any other articles that display the Marks; provided, however, that this Section 15.2 will not apply to the operation by you of any other franchise under the System that we may separately and independently have granted to you and that we have not terminated. You must return to us the Manuals, all other materials containing Confidential Information or Trade Secrets, equipment and other property owned by us, and all copies thereof and all signage bearing any Marks and other materials, though owned by you, which bear the Marks and or utilize the trade dress, designs or colors of the System. You must retain no copy or record of any of the foregoing; provided, however, that you may retain its copy of this Agreement, any correspondence between the parties, and any other document which you need for compliance with any applicable provision of Law.

15.3 You must remove or change all signs, displays, furniture, fixtures, equipment, and other trade dress, and must change all colors of buildings and other structures, to the extent required to distinguish the Franchised Business from its former appearance and from any other hoots wings Restaurant, and must comply with our restaurant de-identification requirements (collectively, to "**De-Identify**" the Franchised Business), so that the Franchised Business is fully De-Identified by the end of ten (10) days after the termination or expiration of this Agreement.

15.3.1 If you fail to fully De-Identify the Franchised Business by the end of ten (10) days after the termination or expiration of this Agreement, we and our agents will have the right to enter onto the premises of the Franchised Business without prior notice to you, and without liability for trespass, and to De-Identify the Franchised Business at your expense, which amounts you agree to pay so that we actually receive such payment by the end of ten (10) days after demand therefor.

15.3.2 You must provide us with photographic or other evidence of the De-Identification satisfactory to us. If you fail to provide us with satisfactory photographic or other evidence of De-Identification so that we actually receive such evidence by the end of ten (10) days after the termination or expiration of this Agreement, we will have the right to enter onto the premises of the Franchised Business without prior notice to you, and without liability for trespass, to inspect the Franchised Business at your expense, which amounts you agree to pay so that we actually receive such payment by the end of ten (10) days after demand therefor.

15.3.3 Immediately take all action required (i) to cancel all assumed name or equivalent registrations relating to your use of the Marks and (ii) to cancel or transfer to us or our designee all authorized and unauthorized domain names, social media accounts, telephone numbers, post office boxes, and classified and other directory listings relating to, or used in connection with, the Franchised Business or the Marks (collectively, **"Identifiers"**). You acknowledge that as between you and us, we have the sole rights to and interest in all Identifiers. If you fail to comply with this Section 15.3., you hereby authorize us and irrevocably appoint us or our designee as your attorney-in-fact to direct the telephone company, postal service, registrar, Internet Service Provider and all listing agencies to transfer such Identifiers to us. The telephone company, the postal service, registrars, Internet Service Providers and each listing agency may accept such direction by us pursuant to this Agreement as conclusive evidence of our exclusive rights in such Identifiers and our authority to direct their transfer. You must furnish us with confirmation that you have fulfilled such obligations by the end of thirty (30) days after termination or expiration of this Agreement.

15.4 You must not, in connection with any other business, use any reproduction, counterfeit, copy, or colorable imitation of the Marks, either in connection with such other business or the promotion of such other business or otherwise, that may cause or constitute confusion, mistake, or deception, or that is likely to dilute our rights in or to the Marks, and further will not use any designation of origin or description or representation that falsely suggests or represents an association or former association with us or the System.

15.5 Payments.

15.5.1 You must pay to us and our affiliates, so that we and our affiliates actually receive such payment by the end of ten (10) days after the termination or expiration of this Agreement, all sums owing to us and our affiliates, as accrued through the effective date of termination or expiration.

15.5.2 Liquidated Damages. If we terminate this Agreement prior to the expiration of the Initial Term, you must pay to us, so that we actually receive such payment by the end of ten (10) days after such termination:

(a) An amount equal to the Continuing Royalty Fees and National Ad Fund Fees payable by you for the lesser of: (i) the balance of the Initial Term remaining; or (ii) the twenty-six (26) four (4)-week accounting periods prior to the effective date of our termination of this Agreement;

(b) If we terminate this Agreement and the Franchised Business has not been open for business for twenty-six (26) four (4)-week accounting periods, the amount of Continuing Royalty Fees and National Ad Fund Fees payable by you for the periods you were obligated to pay Fees prior to the effective date of our termination of this Agreement, projected to twenty-six (26) four (4)-week accounting periods; or

(c) If we terminate this Agreement before your obligation to pay Continuing Royalty Fees and National Ad Fund Fees has commenced, the average amount of Continuing Royalty Fees and National Ad Fund Fees payable by our franchisees in the United States generally, for the twenty-six (26) four (4)-week accounting periods prior to the effective date of our termination of this Agreement.

(d) You acknowledge and agree, and hereby direct any party construing this Agreement, including, without limitation, any court, mediator, master, or other party acting as a trier of fact or law, to conclusively presume, that the damages set forth in this Section 15.5 (i) are true liquidated damages; (ii) are intended to compensate us for the harm we will suffer as a result of the premature termination of this Agreement; (iii) are not a penalty; (iv) are a reasonable estimate of our probable loss resulting from the premature termination of this Agreement, viewed as of the date of this Agreement; (v) will be in lieu of, and not in addition to, actual damages for loss of the benefit of the bargain that we is entitled to receive; and (vi) will, subject to clause (v) above, be in addition to all other rights we may have to legal or equitable relief.

15.5.3 The obligations set forth in this Section 15.5, until paid in full, will be and constitute a lien in favor of us against any and all of your personal property, furnishings, fixtures, equipment, signage, inventory, and other assets.

15.6 Our Purchase Option.

15.6.1 Acquired Interests. In addition to, but not in lieu or limitation of, all of our rights and remedies set forth elsewhere in this Agreement and under applicable law, we will have the option (the "**Purchase Option**") to purchase from you and your Owners (each an "**Option Party**"), and the relevant Option Parties will sell to us: (a) all the assets and personal property used in the Franchised Business, including inventories of Products, materials, supplies, furniture, equipment, signs, but excluding any cash and short-term investments and any items not meeting our specifications (the "**Purchased Assets**"); or (b) all of the ownership interests in you (if you are an entity) (the "**Purchased Equity**"). The term "**Acquired Interest**" will refer to either Purchased Assets or Purchased Equity, as applicable. We will also have the right to assign our Purchase Option to any assignee, without notice to or consent of any Option Parties. All Option Parties (as applicable) will take such actions as deemed necessary by us to implement the Purchase Option.

15.6.2 Delivery of Option Notice. We may exercise the Purchase Option by giving you an option notice (the "**Option Notice**"), within ten (10) days after the termination (for whatever reason) or expiration (without renewal) of this Agreement. The date of delivery of the Option Notice by us is the "**Option Date**." Upon receipt of the Option

Notice, you must not sell or remove any of the assets or personal property of the Franchised Business, and will give us and our designee full access to the Franchised Business and all of the books and records at any time during customary business hours. In addition, all Owners must immediately deliver to you all share certificates evidencing their ownership interests in you (if you are an entity).

15.6.3 Purchase Option Price. The purchase price payable by us to exercise the Purchase Option will be equal to the "Fair Market Value," which will be determined as follows:

(a) Three (3) appraisers (together the "**Appraisers**") will be appointed pursuant to the provisions below for the determination of the Fair Market Value. Each of the Appraisers will be (i) a recognized investment bank or accounting firm of national standing, (ii) having experience in the restaurant business, and (iii) independent of each of the Parties. In determining the Fair Market Value, the Appraisers will be instructed to follow these assumptions: (a) the Fair Market Value will take into consideration the duration and transferability of leases and the likelihood of lease renewal and the terms under which the leases are likely to be renewed; and (b) the Fair Market Value should not include any goodwill or similar value associated with the Marks, which belong exclusively to us and our affiliates.

(b) Within ten (10) days of the Option Date, we will appoint one (1) Appraiser (the "**Hoots Franchising Appraiser**"), and you (and, if applicable, together with your Owners) will appoint one (1) Appraiser (the "**Franchisee Appraiser**"). Within sixty (60) days of the Option Date, each of the Hoots Franchising Appraiser and the Franchisee Appraiser will provide to both Parties its opinion on the Fair Market Value (each, a "**Party Valuation Amount**"). If the two (2) Party Valuation Amounts are within ten percent (10%) of each other, the Fair Market Value will be the arithmetic mean of the two (2) Party Valuation Amounts. If they are more apart by more than ten percent (10%), then the Parties will in good faith agree on the third Appraiser (the "**Third Appraiser**") within ten (10) days after the later of the dates of the two (2) Party Valuation Amounts. If the Parties fail to agree upon the identity of the Third Appraiser during such ten (10)-day period, we will appoint the Third Appraiser. The Third Appraiser will provide to both Parties its valuation amount within thirty (30) days of its appointment. The Valuation Amount provided by the Third Appraiser will be the "**Third Valuation Amount**." If the Third Valuation Amount is higher than both Party Valuation Amounts, the higher of the two (2) Party Valuation Amounts will be the Fair Market Value. If the Third Valuation Amount is lower than both Party Valuation Amounts, the lower of the two (2) Party Valuation Amounts will be the Fair Market Value. If the Third Valuation Amount is between the two (2) Party Valuation Amounts, the Fair Market Value will be the arithmetic mean of (x) the Third Valuation Amount and (y) whichever of the two (2) Party Valuation Amounts is closest to the Third Valuation Amount.

(c) The determination of the Fair Market Value pursuant to this Section 15.6 will be final and binding upon the parties. The Parties agree to cooperate in good faith with all the Appraisers and will provide such Appraisers with access to any and all information and personnel requested by such Appraisers in connection with the determination of the Fair Market Value. The Parties agree to (i) pay the fees and expenses of the Appraiser they each appoint; and (ii) if applicable, share equally the fees and expenses of the Third Appraiser.

15.6.4 Purchase Notice and Closing. Within one hundred and twenty (120) days of the Option Date (the "**Option Period**"), we may, in our sole discretion, elect to proceed with the consummation of the Purchase Option by delivering a written notice to the relevant Option Parties (the "**Purchase Notice**"), which notice will specify the Fair Market Value and the proposed Option Closing Date. We may condition any purchase upon completion of an audit in accordance with GAAP. The closing of the sale of the Acquired Interest (the "**Option Closing Date**") to us will occur as promptly as practicable following the completion of such due diligence that is customary for this sort of transactions, as we in our sole discretion may deem necessary or desirable and the receipt of any necessary approval from, or the making of any necessary filing with, any applicable governmental authority. At the closing of such sale, we will be entitled to, without further consideration beyond the payment of the Fair Market Value, all usual and customary agreements (including the duly executed share or equity purchase agreement), covenants, representations and warranties, and other closing documents (including, if applicable, asset or share transfer forms and delivery instruction forms) and post-closing indemnifications as we may reasonably require, with all sales, business, value added and other transfer taxes paid by the relevant seller in accordance with applicable laws.

15.6.5 Enforcement of Purchase Option. The Parties acknowledge and agree that our right to exercise the Purchase Option may be enforced by injunctive relief or an order of specific performance issued by an arbitration panel or court as specified under the terms of this Agreement.

15.7 Liquor License. Any right or interest you, any Owner, any affiliate, or any person or entity otherwise under your direction or control (collectively, a "**Licensed Party**") has in any Beer or Wine License, Malt Beverage Permit, Mixed Beverage License, Retail On-Premises Consumption License, Liquor License, Mini-Bottle Permit, Sunday Sales Permit, Local Option Permit, Consumption by Drink Permit, Entertainment Permit, Outdoor Permit, or any other alcoholic beverage license or permit related to the Franchised Business (collectively, a "**Liquor License**") will automatically transfer to us or our designee, to the extent permitted by law. Within five (5) days after our delivery of written notice of termination or the expiration of this Agreement, you must commence all procedures necessary to transfer or relocate all Liquor Licenses to us or, if we designate another party to receive such Liquor License, to such designee, and to notify us in writing of such commencement. Licensed Party will promptly use all commercially reasonable efforts to obtain the necessary approvals from any state or local authority for the prompt transfer or relocation of the Liquor License.

15.7.1 If Laws do not permit the transfer or relocation of the Liquor License, Licensed Party will have five (5) days after our delivery of written notice of termination or the expiration of this Agreement to contact all applicable authorities regarding, and to initiate, all procedures necessary to apply for a new Liquor License in our name or the name of our designee in all applicable jurisdictions, and will notify us in writing of such initiation. Licensed Party will join and cooperate with us in promptly procuring a replacement Liquor License. Both Licensed Party and we will immediately fulfill any directives or requirements from all applicable authorities in order to expedite the transfer or relocation of the existing Liquor License or acquisition of a new Liquor License.

15.7.2 You must pay or promptly arrange for the full payment of all taxes of any kind or nature whatsoever, including, without limitation, property taxes, personal property taxes, sales, use, withholding, and any other taxes, that may affect title or the rights to any Liquor License in any way.

15.7.3 You must indemnify and hold us harmless for any and all of any Licensed Party's liabilities and obligations related to our rights or the rights of our designee to own, possess, and use any Liquor License.

16. RELATIONSHIP OF THE PARTIES

16.1 The Parties acknowledge and agree that: (i) this Agreement does not create a fiduciary relationship between the parties or any affiliated or related parties or entities; (ii) you are an independent contractor; and (iii) nothing in this Agreement is intended to or will be construed to constitute either party as an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer, servant of the other for any purpose whatsoever.

16.2 You must hold yourself out to the public as an independent contractor operating the Franchised Business pursuant to a franchise from us and our affiliates. You must take all such actions as may be required to notify all interested persons or entities of such independent contractual relationship by exhibiting a notice of such relationship in a conspicuous place in the Franchised Business, the content and form of which notice we will have the right to specify.

16.3 You acknowledge and agree that nothing in this Agreement authorizes you, and that you have no authority, to make any contract, agreement, warranty, or representation on behalf, or to incur any debt or other obligation in our name; and that we will in no event assume liability for, or be deemed liable hereunder or thereunder as a result of any such action; nor will we be liable by reason of any act or omission of you in your conduct of the Franchised Business or for any claim or judgment arising out of or related to the Franchised Business against you or us.

16.4 You acknowledge and agree that: (i) our business is the business of developing the System, granting franchises to independent business operators to use the System, and servicing independent operators of franchised businesses in the System; (ii) your business is the business of operating the Franchised Business; and (iii) the business we operate and the business you operate are separate and distinct businesses engaged in separate and distinct activities.

16.5 You acknowledge and agree that, except when another entity guarantees our obligations under this Agreement (the **"Guaranteeing Entity"**) as may be provided for in our Franchise Disclosure Document, you agree that no past, present or future director, officer, employee, incorporator, member, manager, partner, stockholder, subsidiary, affiliate, controlling party, entity under common control, ownership or management, Supplier, agent, attorney, or representative of ours (other than the Guaranteeing Entity, but only to the extent of the terms of the guaranty) will have any liability for (i) any of our obligations or liabilities relating to or arising from this Agreement, (ii) any claim against us based on, in respect of, or by reason of, the relationship between you and us, or (iii) any claim against us based on any alleged unlawful act or omission of us.

16.6 Enforcement.

16.6.1 You, for yourself, your Owners, and your employees: covenant, warrant, represent, and agree that neither you nor they nor any of them will: (i) make or raise any claim, counterclaim, crossclaim, affirmative defense, or demand; (ii) commence, or cause or permit to be commenced; (iii) prosecute, or cause or permit to be prosecuted; or (iv) assist or cooperate in the commencement or prosecution of, any suit or action at law or in equity or otherwise, any arbitration or like proceeding, or any administrative or agency proceeding, against or related to us, our affiliates, or our or such affiliates' directors, officers, shareholders, partners, members, employees, agents, or attorneys (collectively, the "**Hoots Franchising Parties**"), alleging any matter contrary to any acknowledgment or agreement set forth in this Section 16 of this Agreement.

16.6.2 You, for yourself, your Owners, and your employees, hereby acknowledge and agree that in the event of any breach of Section 16 of this Agreement, the Hoots Franchising Parties would be irreparably injured and without adequate remedy at law. Therefore, in the event of a breach or a threatened or attempted breach of any provision of Section 16, you, for yourself, your Owners, and your employees, agree that we and the other Hoots Franchising Parties will be entitled, in addition to any other remedies that such Hoots Franchising Parties may have at law or in equity or otherwise, to a preliminary and permanent injunction and a decree for specific performance of the terms of Section 16, without the necessity of showing actual or threatened damage and without being required to furnish a bond or other security.

16.6.3 You hereby covenant, warrant, represent, and agree that you have the authority to bind your Owners and employees to this Section 16 of this Agreement.

17. INDEMNIFICATION

17.1 As used in this Section 17, the term "**Losses and Expenses**" will include, without limitation, any and all obligations, debts, claims, demands, rights, actions, causes of action, loss, losses, damage, damages, expenses, costs, liability, and liabilities of any nature or kind; including, without limitation, accountants', attorneys', and expert witness fees and costs; costs of investigation and proof of facts; court costs and other expenses of litigation; and travel and living expenses, together with compensation for damages to our reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time or space, and costs of changing, substituting, or replacing such advertising material and media time or space, and any and all expenses of

recalls, refunds, compensation, public notices, and other amounts arising out of or related to such matters.

17.1.1 You agree to indemnify us, our affiliates, parents, subsidiaries, and their respective directors, officers, employees, shareholders, members, managers, agents, successors and assigns (each, an "**Indemnitee**," and collectively "**Indemnitees**"), and to hold the Indemnitees harmless to the fullest extent permitted by law, from any and all Losses and Expenses (as defined below) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, formal or informal inquiry (regardless of whether it is reduced to judgment) or any settlement thereof which arises directly or indirectly from, or as a result of, a claim of a third party against any one or more of the Indemnitees in connection with (i) your failure to perform or breach of any covenant, agreement, term or provision of this Agreement; (ii) your breach of any representation or warranty contained in this Agreement; (iii) your development, ownership, operation and/or closing of any of the Franchised Business; (iv) any allegedly unauthorized service or act rendered or performed by you in connection with this Agreement, and regardless of whether it resulted from any strict or vicarious liability imposed by law on the Indemnitees; and (v) any acts, errors, or omissions of you or any of your directors, officers, shareholders, partners, members, employees, agents, and attorneys.

17.1.2 This indemnification will include losses alleging the negligence of any Indemnitee, including, without limitation, negligence in the supervision and inspection of the Franchised Business, the training of an employee of the Franchised Business, and the System Standards, but excluding any case in which the Indemnitee is determined by a court of competent jurisdiction to have engaged in grossly negligent or willful misconduct.

17.2 You must promptly notify us of any action, suit, proceeding, claim, demand, inquiry, investigation, or default described in Section 17.2. If we are or may be named as a party in any action, suit, or proceeding, we may elect to undertake, but will not be obligated to undertake, the defense or settlement thereof, at your cost and expense. No such undertaking by us will, in any manner or form, diminish your obligation to indemnify the Indemnitees and to hold them harmless.

17.3 With respect to any action, suit, proceeding, claim, demand, inquiry, or investigation, we may, at any time and without notice, in order to protect persons or property, our reputation or goodwill, or others, order, consent, or agree to any settlement or take any remedial or corrective action that we deem expedient if, in our sole judgment, there are grounds to believe that:

17.3.1 Any of the acts, omissions, or circumstances giving rise to the action, suit, proceeding, claim, demand, inquiry, or investigation, in fact occurred; or

17.3.2 Any act, error, or omission of or by you may result directly in or indirectly in damage, injury, or harm to any person or any property.

17.4 All Losses and Expenses incurred under this Section 17 will be chargeable to and paid by you pursuant to your obligations of indemnity under this Agreement.

17.5 Under no circumstances will the Indemnitees be required or obligated to seek recovery from third parties or to otherwise mitigate their losses in order to maintain a claim against you. You agree that the failure to pursue such recovery or to mitigate loss will in no way reduce the amounts the Indemnitees may recover from you.

17.6 The Indemnitees assume no liability whatsoever for any acts, errors, or omissions of any persons with whom you may contract, regardless of the purpose. You must hold harmless and indemnify the Indemnitees and each of them for all Losses and Expenses that may arise out of any acts, errors, or omissions of persons with whom you may contract.

17.7 The indemnification set forth in this Section 17 will survive the termination or expiration of this Agreement.

18. NOTICES

18.1 Any and all notices required or permitted under this Agreement will be in writing and will be: (i) personally delivered; (ii) mailed by certified or registered mail, return receipt requested; or (iii) delivered by overnight courier service, such as UPS, Federal Express, or DHL, 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 us:
Hoots Franchising, LLC
1815 The Exchange
Atlanta, Georgia 30339

Copy to (which copy will not constitute notice):
Hooters of America, LLC
1815 The Exchange
Atlanta, Georgia 30339
Attention: Legal Department
Notices to you:
See Schedule A

18.2 Any notice delivered under Section 18 of this Agreement will be deemed to have been given on the earlier of: (i) the date and time of receipt; (ii) five (5) business days after being mailed by certified or registered mail, return receipt requested; (iii) the next business day after having been deposited with an overnight courier service for next business day delivery; or (iv) the intended recipient's failure or refusal to accept delivery.

19. FORCE MAJEURE

19.1 Except for: (i) the covenants and obligations of you set forth in Sections 1 and 4 of this Agreement, (ii) monetary obligations under this Agreement, and (iii) except as otherwise specifically provided in this Agreement, if either party to this Agreement will be delayed or hindered in or prevented from the performance of any act required under this Agreement by reason of strikes, lock-outs, labor troubles, inability to procure materials, pandemics resulting in government imposed operational shutdowns, failure of power, war, acts of terror, riots, insurrection, or other causes beyond the reasonable control of the party required to perform such work or act under the terms of this Agreement not the fault of such party (a "**Force Majeure**"), then performance of such act will be excused during the

period of such Force Majeure. The party whose performance is affected by a Force Majeure will give prompt, written notice to the other party of such Force Majeure. If there will be a Force Majeure that we deems economically harmful or otherwise detrimental to us or the System, then we will be entitled to terminate this Agreement on ninety (90) days' written notice to you; provided, however, that we may withdraw such notice if, within such ninety (90)-day period, we determine that the economically harmful or otherwise detrimental effects have ceased.

20. APPLICABLE LAW; DISPUTE RESOLUTION

20.1 Notice of Dispute. You must give us advance written notice of your intent to institute legal action against us, stating with specificity the basis for such proposed action, and must grant us thirty (30) days from our receipt of such notice to cure the alleged act on which such legal action is to be based.

20.2 Governing Law. This Agreement and related agreements are accepted by us in the State of Georgia and shall be governed by, construed in accordance with and enforced in accordance with the laws thereof, which laws shall prevail in the event of any conflict; provided, however, (i) any provision not enforceable under Georgia law shall be construed in accordance with the laws of the State(s) where such restriction(s) is(are) to apply, and (ii) any Georgia law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this section.

20.3 Consent to Personal Jurisdiction, Forum Selection, Consent to Service of Process, and Waivers. The Parties agree that it is in their best interest to resolve disputes between them in an orderly fashion and in a consistent manner. Therefore, the parties hereby agree to each of the terms provided below in this Section 20.3.

20.3.1 You consent and agree that the following courts shall have personal jurisdiction over you in all lawsuits relating to or arising out of this Agreement and related agreements and hereby waives any defense you may have of lack of personal jurisdiction in any such lawsuit filed in these courts: (A) all courts included within the state court system of the State of Georgia including, without limitation, the Superior Courts; and (B) all the United States District Courts sitting within the State of Georgia.

20.3.2 You consent and agree that venue shall be proper in any of the following courts in all lawsuits relating to or arising out of this Agreement and related agreements and hereby waives any defense you may have of improper venue in any such lawsuits filed in these courts: (A) the Superior Court of Cobb County, Georgia; and (B) the United States District Court for the Northern District of Georgia, Atlanta Division. In the event any of these courts are abolished, you agree that venue shall be proper in the state or federal court in Georgia which most closely approximates the subject-matter jurisdiction of the abolished court as well as any of these courts which are not so abolished. All lawsuits filed by you against us relating to or arising out of this Agreement and related agreements shall be required to be filed in one of these courts; provided, however, that if none of these courts has subject-matter jurisdiction over such a lawsuit, such lawsuit may be filed in any court in Georgia having such subject-matter jurisdiction if in-personam jurisdiction and venue in such court are otherwise proper. Lawsuits filed by us against you may be filed in

any of the courts named in this Section 20.3 or in any court in which jurisdiction and venue are otherwise proper.

20.3.3 In all lawsuits relating to or arising out of the Agreement and related agreements, you consent and agree that you may be served with process outside the State of Georgia in the same manner as service may be made within the State of Georgia by any person authorized to make service by the laws of the state, territory, possession or country in which service is made or by any duly qualified attorney in such jurisdiction, and you hereby waive any defense you may have of insufficiency of service of process relating to such service. This method of service shall not be the exclusive method of service available in such lawsuits and shall be available in addition to any other method of service allowed by law.

20.3.4 The Parties irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of them against the other.

20.3.5 Any and all claims and actions arising out of or relating to this Agreement, the relationship of the Parties (or our affiliates), or your operation of the Franchised Business, brought by either Party hereto against the other shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

20.3.6 The Parties hereby waive, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other, except for punitive or exemplary damages authorized by applicable federal law.

20.3.7 Any litigation between the Parties, and any of their respective affiliates, directors, officers, or agents shall be conducted on an individual basis, and not as part of a consolidated, common, group, or class action.

20.4 Injunctive Relief. Nothing set forth in this Agreement will bar our right to obtain injunctive relief against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

20.5 Cost and Attorneys' Fees. If we commences a legal proceeding against you to enforce any term or provision of this Agreement, and prevails in the legal proceeding (as determined by the trier-of-fact), we will be entitled to recover from you the costs and expenses that we incurred in preparing for, commencing, and taking part in the proceeding, and until the proceeding has come to a complete end (including appeals and settlements), including, without limitation, accounting, attorneys', arbitrators', and related fees. In addition, if we incur costs and expenses due to your failure to pay when due amounts owed to us, to submit when due any reports, information, or supporting records, or otherwise to comply with this Agreement, you agree, even if we do not initiate a formal legal proceeding, to reimburse us for all of the costs and expenses that we incurs, including, without limitation, accounting, attorneys', and related fees.

20.6 Cumulative Rights and Remedies. Except as otherwise stated in this Agreement, no right or remedy that the Parties have under this Agreement is exclusive of any other right or remedy under this Agreement or under applicable law. Each and every such remedy will be in addition to, and not in limitation of or substitution for, every other remedy available at law or in equity or by statute or otherwise.

21. MISCELLANEOUS

21.1 Reasonable Business Judgment. We acknowledge and agrees that it will, and you acknowledge and agrees that we may, use Reasonable Business Judgment in the exercise of our rights, discharge of its obligations, and exercise of its discretion, and in all circumstances where we are required to give its consent, unless this Agreement expressly provides some other standard. "**Reasonable Business Judgment**" will mean that our determinations or choices will prevail, even if other alternatives are also reasonable or arguably preferable, if we intend to benefit, or is acting in a way that could benefit, the System (by, for example, enhancing the value of the Marks, increasing franchisee or guest satisfaction, or increasing our financial strength). You agree to this concept of Reasonable Business Judgment in acknowledgment of the fact that we should have at least as much discretion in administering the System as a corporate board of directors has in directing a corporation, and because the long-term interests of the System, we must have the latitude to exercise Reasonable Business Judgment. We will not be required to consider your particular economic or other circumstances or to slight our own economic or other business interests when we exercise our Reasonable Business Judgment. You acknowledge and agree that: (i) we have a legitimate interest in seeking to maximize the return to our equity holders; and (ii) the fact that we or its affiliates benefit economically from an action will not be relevant to showing that we did not exercise Reasonable Business Judgment. Neither you nor any third party (including, without limitation, any third party acting as a trier of fact or law) will substitute your, his, her, or its judgment for our Reasonable Business Judgment. In a given situation, you have the burden of establishing, by clear and convincing proof, that we failed to exercise Reasonable Business Judgment.

21.2 Anti-Terrorism Laws. You agree to comply with, and/or to assist Hoots Franchising to the fullest extent possible in our efforts to comply with, the USA PATRIOT Act and USA Freedom Act, and all other present and future U.S. federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war.

21.3 Review of Documents. You acknowledge and agree that: (i) our review of any lease, loan agreement, purchase agreement, sale agreement, assignment, transfer agreement, site plan, or other agreement or document you propose to enter into is intended solely to ensure that our interests are adequately protected; (ii) we are not undertaking any such review on your behalf or for your benefit; (iii) our review will not replace review by your accountant, attorney, architect, and other business and professional advisors; and (iv) we will have no responsibility or liability related to such review.

21.4 Entire Agreement; Amendments. The term "**Agreement**" as used in this Agreement includes all schedules attached to this Agreement and amendments to this Agreement, if any. This Agreement states the entire agreement between the Parties related to the subject matter of this Agreement and fully replaces all prior agreements, representations, or understandings between the Parties, whether oral or written, related to the subject matter of this Agreement. Notwithstanding the foregoing, nothing in this Agreement will

disclaim or require you to waive reliance on any representation we make in our most recent Franchise Disclosure Document (including exhibits, schedules, and amendments) delivered to you or your representative. Except as otherwise expressly stated in this Agreement, this Agreement may be amended only by a written document signed by the Parties. Notwithstanding the foregoing, this Agreement may be modified at our request regardless of your signature to such modifications if franchisees operating 60% of the hoots wings restaurant (voting on a per restaurant basis) in our System vote in favor of the change we request. In such case, each hoots wings restaurant location will have one vote and any hoots wings restaurant locations owned by us or our affiliates will have one vote. If the vote is tied, we may cast the deciding vote. Upon the vote passing, the requested change becomes immediately binding on all hoots wings restaurant franchisees.

21.5 No Liability to Others; No Other Beneficiaries. We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity who is not a party to this Agreement. Except as specifically described in this Agreement, no other party has any rights because of this Agreement.

21.6 Partial Invalidity. If any term or provision of this Agreement is declared invalid or unenforceable for any reason, such provision will be modified to the minimum extent necessary to make it valid and enforceable or, if it cannot be so modified, then severed, and the remaining provisions of this Agreement will remain in full force and effect. The parties agree that they would have signed the Agreement as so modified.

21.7 Interpretation. The table of contents and section headings in this Agreement are inserted for convenience only and will not affect the meaning or construction of this Agreement. Except as otherwise set forth in this Agreement, the language of this Agreement will be construed simply according to its fair meaning and not strictly for or against either party. The Recitals of this Agreement are a material part of this Agreement, and will in no event be considered mere prefatory material or surplusage. "Herein," "hereof," and "hereunder" refer to this Agreement as a whole and not to any particular part. Words importing the singular number only will include the plural and vice-versa, and words importing the masculine gender will include the feminine and neuter genders and vice-versa. The word "including" means "including without limiting the scope or generality" of any description preceding such word, and the word "or" means, and is used in the inclusive sense of, "and/or." References to documents, instruments, or agreements will be deemed to refer as well to all addenda, exhibits, schedules, or amendments thereto.

21.8 Survival of Obligations. All obligations of this Agreement, whether ours or yours, that expressly or by their terms require performance after the termination or expiration of this Agreement, or that by their nature would reasonably be expected to continue in full force and effect until they are satisfied in full or by their nature expire, will be deemed to be self-executing and will continue in full force and effect subsequent to and notwithstanding the termination, expiration, setting aside, cancellation, rescission, unenforceability or otherwise of this Agreement.

21.9 Calculation of Days. Except where this Agreement expressly requires "business days" in any calculation of time, all references to "days" will mean "calendar days."

21.10 Submission of Agreement. Submission of this Agreement to you does not constitute an offer to enter into a contract. This Agreement will become effective only on its execution by both of the Parties, and will not be binding on us unless and until it is signed by our authorized officer and delivered to you.

21.11 Counterparts. This Agreement may be executed in multiple counterparts, and each copy so executed will be deemed an original.

21.12 Further Assurances. You must execute and deliver all documents and agreements that we may require in order to further the intent of this Agreement, promptly on our request.

21.13 Acknowledgements.

21.13.1 You acknowledge and agree that: (i) you have conducted an independent investigation of the business contemplated by this Agreement; (ii) you understand that such business involves business risks; and (iii) you understand that making a success of your Franchised Business depends largely on your business skill, effort, and business acumen.

21.13.2 You acknowledge that you received our Franchise Disclosure Document required by the U.S. Federal Trade Commission's Revised Franchise Rule at least fourteen (14) days prior to the date on which you executed this Agreement or paid us any consideration related to the Franchise. You further acknowledge and agree that you received a copy of this complete Agreement, the attachments to this Agreement, and all agreements related to this Agreement, if any, complete and with all blanks filled in, at least seven (7) days prior to the date on which you executed this Agreement or paid us any consideration related to the franchise.

21.13.3 You acknowledge and agree that neither we nor any person or entity acting on our behalf has made any representation, commitment, claim, or statement to you that is different from, or that is contrary to, any of the representations, commitments, claims, or statements contained in our Franchise Disclosure Document.

21.13.4 You acknowledge and agree that neither we nor any person or entity acting on our behalf has made any oral, written, visual, or other representation, commitment, claim, or statement from which any level or range of actual or potential sales, costs, income, expenses, profits, cash flow, or otherwise might be ascertained, related to a Hoots franchise, that is different from, contrary to, or not contained in, our Franchise Disclosure Document.

21.13.5 You acknowledge and agree that the acknowledgments and agreements set forth in this Section: (i) are intended to show that this Agreement supports the disclosures set forth in our Franchise Disclosure Document, and that this Agreement does not waive or contravene such disclosures; (ii) are not a waiver of your right to relief for violation of any Laws governing the offer and sale of franchises, but are rather your acknowledgment and agreement that no such violations occurred; and (iii) are being relied on by us in connection with our decision to enter into this Agreement with you.

21.14 Special Stipulations. Set forth on **Schedule G** attached hereto are special stipulations that are made a part hereof by reference. In the event such stipulations conflict with any of the foregoing provisions, the special stipulations will control.

[Signatures Contained on Following Page]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement as of the Effective Date set forth above.

HOOTS FRANCHISING:	FRANCHISEE:
HOOTS FRANCHISING, LLC	[FRANCHISEE NAME]
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

SCHEDULE A

TO THE HOOTS FRANCHISING, LLC FRANCHISE AGREEMENT

KEY INFORMATION

KEY INFORMATION

1. **Effective Date.** The Effective Date is: _____.

2. **Franchisee**. The Franchisee is: _____ _____, a _____.

3. **Franchise Fee.** The Franchise Fee is: $_____

4. **Site.** The address of your approved Site is:

_____

☐ [To be determined within the Site Selection Area after signing of the Agreement]

5. **Site Selection Area**. Your Site must be located within the following geographic area:

_____

_____

_____

☐ [Check if map attached a map is attached hereto as Exhibit 1]

6. **Protected Market Area.** The Protected Market Area for the Franchised Business is as follows:

_____

_____

_____

☐ [Check if map attached a map is attached hereto as Exhibit 1]

7. **Site Acquisition Deadline**. The Site Acquisition Deadline shall be 180 days from the Effective Date.

8. **Opening Date**. The Opening Date shall be twelve (12) months from the Effective Date.

9. **Grand Opening Marketing Expense.** The Grand Opening Marketing Expense is:

$_____

10. **Franchisee Mailing Address**. The corporate/mailing address of the Franchisee for providing notice is:

_____

_____

_____

EXHIBIT 1 to
SCHEDULE A

[map]

SCHEDULE B

TO THE HOOTS FRANCHISING, LLC FRANCHISE AGREEMENT

LIST OF YOUR OWNERS

LIST OF YOUR OWNERS

The full legal name and address of each of your Owners (as that term is defined in the Franchise Agreement), and the percentage of equity in Franchisee each such Owner owns or holds, are as follows:

______________________________	______________________________
Printed Name	Printed Name
Street Address:	Street Address:
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________
Percent of Equity Owned or Held: _______%	Percent of Equity Owned or Held: _______%
______________________________	______________________________
Printed Name	Printed Name
Street Address:	Street Address:
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________
Percent of Equity Owned or Held: _______%	Percent of Equity Owned or Held: _______%
______________________________	______________________________
Printed Name	Printed Name
Street Address:	Street Address:
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________
Percent of Equity Owned or Held: _______%	Percent of Equity Owned or Held: _______%

[List Continues on Following Page;
Signatures Contained on Following Page]

_____	_____
Printed Name	Printed Name
Street Address:	Street Address:
_____	_____
_____	_____
_____	_____
_____	_____
Percent of Equity Owned or Held: _____%	Percent of Equity Owned or Held: _____%

Franchisee hereby certifies that the information set forth on this List is true and correct.

FRANCHISEE:

<<FRANCHISEE NAME>>

By: _____
Name: <<Printed Name>>
Title: <<Title>>

SCHEDULE C

TO THE HOOTS FRANCHISING, LLC FRANCHISE AGREEMENT

STATEMENT OF OWNERS

OWNER STATEMENT

This form must be completed by the Franchisee ("I," "me," or "my") if I have multiple owners or if I, or my franchised business, is owned by a business organization (like a corporation, partnership or limited liability company). I acknowledge that HOOTS FRANCHISING, LLC is relying on the truth and accuracy of this form in awarding the Franchise Agreement to me.

Form of Franchisee. I am a (check one):

General Partnership	☐
Corporation	☐
Limited Partnership	☐
Limited Liability Company	☐
Other	☐

Specify: _____

Business Entity. I was incorporated or formed on _____, under the laws of the State of _____. I have not conducted business under any name other than my corporate, limited liability company or partnership name and _____. The following is a list of all persons who have management rights and powers (e.g., officers, managers, partners, etc.) and their positions are listed below:

Name of Person	Position(s) Held

Owners. The following list includes the full name and mailing address of each person who is one my owners and fully describes the nature of each owner's interest. Attach additional sheets if necessary.

Owner's Name	Address	Description of Interest

Governing Documents. Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of your entity (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.).

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

This Statement of Principal Owners is current and complete as of _____.

INDIVIDUALS:

Signature_____

Name: _____

Signature_____

Name: _____

CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP:

Name: _____

By:_____

Title:_____

SCHEDULE D
TO THE HOOTS FRANCHISING, LLC
FRANCHISE AGREEMENT

ACH AUTHORIZATION

AUTHORIZATION AGREEMENT FOR ACH PAYMENTS

**(DIRECT DEBITS FOR CONTINUING ROYALTY FEES,
NATIONAL ADVERTISING FEE OBLIGATIONS, AND OTHER OBLIGATIONS)**

_____ (Name of Person or Legal Entity)

_____ (ID Number)

The undersigned depositor ("**Depositor**" or "**Franchisee**") hereby authorizes HOOTS FRANCHISING, LLC ("**Hoots Franchising**") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("**Depository**" or "**Bank**") to debit or credit such account(s) pursuant to our instructions.

Depository	Branch
City	State Zip Code
Bank Transit/ABA Number	Account Number

This authorization is to remain in full and force and effect until sixty days after we have received written notification from Franchisee of its termination.

Printed Name of Depositor: _____

Signed: _____

Printed Name: _____

Title: _____

Date: _____

SCHEDULE E-1

TO THE HOOTS FRANCHISING, LLC FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT OF LEASE

COLLATERAL ASSIGNMENT OF LEASES

FOR VALUE RECEIVED, the undersigned, FRANCHISEE NAME, a STATE corporation, ("**Assignor**") hereby assigns, transfers and sets over unto HOOTS FRANCHISING, LLC, a Delaware limited liability company ("**Assignee**") all of Assignor's right, title and interest as tenant in, to and under those certain leases, identified on Attachment B attached hereto, (the "**Leases**") respecting premises commonly known as UNIT LOCATION STREET ADDRESS, UNIT CITY, UNIT COUNTY, STATE, 00000 ("**Premises**") said Premises being more particularly described on Attachment A, attached hereto. This Agreement is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment of Lease unless Assignee shall take possession of the Premises demised by the Lease pursuant to the terms hereof and shall assume the obligations of Assignor thereunder. Any possession of the Premises by Assignee shall be deemed to be under a month-to-month tenancy and Assignee shall not be deemed to have assumed any obligations of Assignor, except for the payment of the monthly rental payments set forth in the Lease during such period of occupancy by Assignee.

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

Upon a default by Assignor under the Lease or under the Franchise Agreement for a hoots wings restaurant between Assignee and Assignor (the "**Franchise Agreement**"), or in the event of a default by Assignor under any document or instrument securing said Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the Premises demised by the Lease, expel Assignor therefrom without any liability for trespass, and, in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Through the term of the Franchise Agreement and renewals thereto, if any, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting such extension or renewal.

[Signatures appear on following page.]

IN WITNESS WHEREOF Assignor has signed, sealed and delivered the within Collateral Assignment of Leases this the _____day of MONTH, YEAR.

ASSIGNOR

FRANCHISEE NAME, a STATE corporation

BY: _____
FRANCHISEE SIGNATORY1, President

ATTEST: _____
FRANCHISEE SIGNATORY2, Secretary

(CORPORATE SEAL)

ASSIGNEE

HOOTS FRANCHISING, LLC, a Delaware limited liability company

By: _____
Name: _____
Title: _____

SCHEDULE E-2

TO THE HOOTS FRANCHISING, LLC FRANCHISE AGREEMENT

LEASE RIDER

LEASE RIDER

THIS AGREEMENT is made and entered into on _____, 20___, by and between _____, a _____ ("Landlord"), and _____, a _____ ("Tenant") and shall be attached and incorporated into the Lease Agreement executed between Landlord and Tenant dated _____ regarding the premises located at _____ (the "Store").

Article 1

(a) Acknowledgment. Landlord acknowledges that Tenant is a franchisee of Hooters of America and/or Hoots Wings by Hooters, Inc. ("Franchisor"), and has executed in favor of Franchisor among other things, (i) a Franchise Agreement governing the relationship between Franchisor and Tenant (the "Franchise Agreement"), and (ii) a Collateral Assignment of Lessee's Interest in Lease, assigning to Franchisor Tenant's interest in the Lease (the "Collateral Assignment"). Franchisor has requested and Landlord has agreed to provide certain protections and rights to Franchisor with respect to the Lease. In the event of any conflict or inconsistency between this Rider and any provision of the Lease, this Rider shall govern.

(b) Amendment. Landlord and Tenant shall not cancel, terminate, modify or amend the Lease including, without limitation, Franchisor's rights under this Rider, without Franchisor's prior written consent, except that, subject to Franchisor's cure rights, this paragraph shall not prevent Landlord from exercising any right to cancel or terminate the Lease due to Tenant's default.

(c) Right to Information. The Landlord is permitted to provide Franchisor at its request with all revenue and other information that the Landlord may have related to the operation of the Franchisee's Store.

(d) Benefits and Successors. The benefits of this Rider shall inure to Franchisor and to Franchisor's successor and assigns.

(e) Third Part Beneficiary. Landlord and Tenant acknowledge and agree that Franchisor is a an express third party beneficiary of this Lease Rider with authority and standing to enforce its terms.

Article 2

(a) Assignment and Subletting. Landlord's consent shall not be necessary for an assignment or subletting (i) to Franchisor, (ii) to an entity which controls, is controlled by or is under common control with Franchisor, or (iii) to any other franchisee of Franchisor. Tenant or Franchisor shall give Landlord notice of any such assignment or subletting at least fifteen (15) days prior to such assignment or subletting, except that if any such assignment is a result of Franchisor exercising rights under the Collateral Assignment, Franchisor shall give notice to Landlord promptly following such assignment.

(b) Default of Tenant. In the event a default occurs at any time during the term of the Lease, Landlord shall provide notice of such default to Franchisor by certified mail, return receipt requested, or by nationally recognized overnight courier service to the following address:

Hoots Franchising, LLC
Attn. Legal Department
1815 The Exchange
Atlanta, Georgia 30339

This address shall be the notice address for Franchisor for all other items requiring notice unless Franchisor provides a different address to Landlord. In the event Tenant does not cure within the timeframe as set forth in the Lease, Landlord shall temporarily forbear its rights to terminate the Lease and provide additional notice to Franchisor so that Franchisor may exercise one of its options to prevent termination of the Lease. Accordingly, upon Tenant's failure to cure and Landlord's intention to terminate the Lease, Landlord shall notify Franchisor in the manner set forth above. Upon receipt of Landlord's notice of Tenant's failure to cure, Franchisor shall have the option, but not the obligation, to cure Tenant's default as set forth in Paragraph (c) herein, or to obtain possession of the premises pursuant to the Collateral Assignment as set forth in Paragraph (d) herein.

(c) Tenant Default(s) Cured by Franchisor. In the event Landlord notifies Franchisor of its intent to terminate the Lease agreement with Tenant as described in Paragraph (b) above, Franchisor may cure the default on behalf of Tenant within the following timeframes, and Landlord acknowledges that such cure(s) shall be deemed adequate as if cured by the Tenant within the timeframes required under the Lease:

(i) Monetary Default may be cured by Franchisor within ten (10) business days after receiving notice from Landlord, as described above in Paragraph (b).

(ii) Non-Monetary Defaults may be cured by Franchisor within twenty (20) business days after receiving notice from Landlord, as described above in Paragraph (b). If such default is one that reasonably requires more than twenty (20) business days to cure, Franchisor shall have such additional time as is reasonably necessary to cure the default so long as Franchisor diligently pursues the cure. If such pursuit is subject to approval by Landlord, approval shall not be unreasonably withheld.

(d) Collateral Assignment. Landlord acknowledges that pursuant to the Collateral Assignment, Franchisor is entitled to (but not obligated to take) immediate possession of the premises upon default under the Franchise Agreement, and that default under a lease covering the franchise business qualifies as a default under the Franchise Agreement. In the event Franchisor desires to take possession via the Collateral Assignment, the parties will execute an Assignment of Lease. Landlord will provide to Franchisor such reasonable cooperation as Franchisor may request in connection with taking possession herein.

(e) Franchisor as Tenant. In the event Franchisor becomes the Tenant under the Lease, whether by assignment or by exercise of its rights under the Franchise Agreement and Collateral Assignment, Landlord shall recognize Franchisor as the tenant under the Lease, and Franchisor shall within ten (10) days of it becoming the tenant, cure any then-existing default in the payment of rental, but not to exceed two (2) months of base rental. The preceding sentence shall not prevent Landlord from pursuing the defaulting Tenant for such additional past due rental or monies owed. Nothing in this Rider and no exercise of any rights hereunder (including, without limitation, any curing of any Tenant's default by Franchisor) shall be construed as creating on Franchisor any liability or obligation under the Lease or as Franchisor assuming any liability or obligation under the Lease. Any assumption by Franchisor of any obligation under the Lease shall only occur by specific written assumption executed by Franchisor. In the event Franchisor

succeeds to the interest of Tenant under the Lease, (i) Franchisor shall not be bound by any modification or amendment to the Lease made without its consent, (ii) Franchisor shall not be bound by any notice given to Tenant and not given to Franchisor, and (iii) Franchisor shall not be responsible for any claims which Landlord may have against any prior tenant under the Lease; except that Franchisor shall pay any past due rental, subject to the limitations set out above. If Franchisor assumes the Lease, its liability under the Lease shall extend only to the period of time that it is the tenant under the Lease and shall terminate upon the earlier of (i) any permitted assignment of the Lease by Franchisor, or (ii) the twentieth (20th) day following the date Franchisor provides Landlord notice of its intent to abandon the Lease.

(f) Waiver of Landlord's Lien. Landlord hereby waives any contractual, common law, or statutory landlord's lien which Landlord may at any time have as to Tenant's trade fixtures, equipment, inventory, and other personal property (but not leasehold improvements) at any time located within the premises in which Franchisor has a security interest or upon which Franchisor has a lien.

Article 3

(a) Signage. Landlord acknowledges that as a Hooters of America and/or Hoots Wings by Hooters franchisee, Tenant will be utilizing certain standard trademarked signage and graphics required by the Franchisor under the Franchise Agreement (the "Hooters of America and/or Hoots Wings by Hooters Signage"). Landlord acknowledges that it has been provided the specifications for the Hooters of America and/or Hoots Wings by Hooters Signage by Tenant and consents to and agrees to allow the Hooters of America and/or Hoots Wings by Hooters Signage to be installed and maintained by Tenant, subject to such reasonable requirements as Landlord may include in the Lease relative to the location, method of installation and responsibility for maintenance and removal of such signage. It is Tenant's responsibility to ensure that the Hooters of America and/or Hoots Wings by Hooters Signage complies with applicable signage regulations and requirements of the local government in which the premises is located. Landlord agrees that, following any event of default under the Franchise Agreement, Franchisor shall have the right(but not the obligation) to remove the Hooters of America and/or Hoots Wings by Hooters Signage in order that the premises is no longer identifiable as a Hooters of America and/or Hoots Wings by Hooters location, provided that Franchisor shall repair any damage caused by such removal.

(b) Exclusivity. Landlord shall not lease the premises governed by this Rider (or any other premises located in the shopping center, if applicable) to any other tenant in which 10% or more of gross revenues are derived from the sale of chicken wings, during the term of this Lease and for a period of twelve (12) months thereafter. This provision shall survive any subsequent lease assignments and/or transfers.

(c) Parking. Tenant shall be permitted to designate the four (4) nearest non-handicap parking spaces for Hooters of America and/or Hoots Wings by Hooters customers only.

Article 4

(a) Option to Purchase and Right of First Refusal – Franchisee Tenant is Landlord. This Article 4 shall only apply if Tenant is now or becomes Landlord/Owner of the premises, or any person related to or affiliated with Tenant is now or becomes Landlord/Owner of the premises. "Related" or "affiliated" shall be defined as persons who own directly or indirectly through a corporation,

partnership, limited liability company or otherwise, an interest in both the Franchise and the premises.

(i) Option to Purchase. If applicable, and upon the occurrence of any of the following: 1. Expiration of the Franchise Agreement 2. Termination of the Franchise Agreement 3. Non-renewal of the Franchise Agreement, Franchisor shall have the right to provide, within twenty (20) days of any the aforementioned occurrences, written notice to Landlord/Owner of the premises that Franchisor intends to purchase the premises for cash, or cash equivalent, at fair market value price. If the parties cannot agree upon a fair market value within thirty (30) days from the date of Franchisor's notice, an independent appraiser shall be designated by mutual agreement of the parties within thirty (30) days, to be paid for by Franchisor, and his or her determination of fair market value shall be binding. If the Franchisor and Landlord/Owner of the premises cannot designate by mutual agreement an independent appraiser, both parties may obtain their own independent appraisal within sixty (60) days at their expense, and fair market value shall be determined to be the average of the two independent appraised values. If either party believes one of the two appraisals to be materially flawed, that party at its expense may pay for a third appraisal from a third independent appraiser selected by mutual agreement of the first two appraisers, and such third appraisal shall be binding. Within ten (10) days after the Franchisor has been notified of fair market value, the Franchisor must exercise its option to purchase by notice to the Landlord/Property Owner, with closing to be held within thirty (30) days or such option shall expire.

(ii) Right of First Refusal: If applicable, should the Landlord/Owner of the premises choose to sell the premises while occupied by the franchised business, Landlord/Owner shall give a right of first refusal pursuant to the notice set forth in Article 2 (b) to Franchisor to match any written sale contract on substantially all of the same terms and conditions. Franchisor shall be given twenty (20) days advance written notice to accept or reject this option, and no less than sixty (60) days to close on the transaction.

Article 5

(a) Option to Purchase and Right of First Refusal – Former or Current Franchisee is Landlord. This Article 5 shall only apply if Landlord/Owner of the premises is a current or former franchisee of the Hooters of America and/or Hoots Wings by Hooters system, or is related or affiliated with a current or former franchisee of the Hooters of America and/or Hoots Wings by Hooters system. "Related" or "affiliated" shall be defined as persons who own directly or indirectly through a corporation, partnership, limited liability company or otherwise, an interest in both a Hooters of America and/or Hoots Wings by Hooters franchise and the premises.

(i) Option to Purchase. Tenant shall have the option to purchase the premises at any point during the first five (5) years of the lease term. If the option to purchase is not exercised within the first five (5) years of the lease by Tenant, Franchisor shall have an additional ninety (90) days to exercise an option to purchase. If Landlord and Tenant or Landlord and Franchisor cannot agree on a fair market value within thirty (30) days from the date of either Tenant's or Franchisor's written notice to purchase the property, with such notice given in accordance with subsection (iii) herein, an independent appraiser shall be designated by mutual agreement of the parties within thirty (30) days, to be paid for by Tenant or Franchisor as the case may be, and his or her determination of fair market value shall be binding. If the Landlord and Tenant or Landlord and Franchisor cannot designate by mutual agreement an independent appraiser, the parties may obtain their own independent appraisal within sixty (60) days at their expense, and fair market value shall be determined to be the average of the two independent appraised values. If a party

believes one of the two appraisals to be materially flawed, that party at its expense may pay for a third appraisal from an independent appraiser selected by mutual agreement of the first two appraisers, and such third appraisal shall be binding. Within ten (10) days after Tenant or Franchisor has been notified of fair market value, the Tenant or Franchisor must exercise its option to purchase by notice to the Landlord pursuant to subsection (iii) herein, with closing to be held within thirty (30) days or such option shall expire.

(ii) Right of First Refusal. Should Landlord/Owner of the premises choose to sell the premises at any point during the lease term, Tenant shall have the right of first refusal to match any written sale contract on substantially all of the same terms and conditions. Tenant shall be given thirty (30) days advance written notice pursuant to subsection (iii) herein to determine whether to exercise its right. If Tenant chooses not to exercise its right or fails to respond to the offer, Franchisor shall have an additional fifteen (15) days to exercise its right to match the offer and purchase the property.

(iii) Notice. No notice or other communication given shall be effective unless the same is in writing and is delivered in person; mailed by registered or certified mail, return receipt requested, first class, postage prepaid; same-day couriered; or delivered via nationally recognized overnight courier, addressed: (a) if to Landlord, at the address set forth in this lease or to such other address as Landlord shall designate by giving notice thereof to Tenant and Franchisor, (b) if to Tenant, to the Premises, or to such other address as Tenant shall designate by giving notice thereof to Landlord or (c) if to Franchisor, to the address set forth in Article 2(b) or other such address as Franchisor shall designate by giving notice thereof to Tenant and Landlord. Any such notice, statement, certificate, request or demand shall, in the case of registered or certified mailing, be deemed to have been given on the third day after the date mailed as aforesaid in any post office or branch post office regularly maintained by the United States Government, and in the case of delivery by nationally recognized overnight courier service, shall be deemed to have been given upon the date of delivery to an authorized agent of such courier service, except in each case for notice of change of address or revocation of a prior notice, which shall only be effective upon receipt. No party shall refuse to accept delivery of notice. Proof of the posting of any notice and of the date of any acceptance or refusal of delivery or of the final attempt at the delivery thereof shall be deemed sufficient proof that such notice was given and delivered or refused as the case may be. Any party may change its address for purposes of notice by due notice given to the other parties by the method herein provided.

[Signatures on next page]

LANDLORD

By: _____

Name:_____

Title: _____

TENANT

By: _____

Name:_____

Title: _____

SCHEDULE F

TO THE HOOTS FRANCHISING, LLC
FRANCHISE AGREEMENT

OWNERS GUARANTY

PRINCIPAL OWNER GUARANTY

This Principal Owner Guaranty (this "**Guaranty**") must be signed by the principal owners (referred to as "**you**" for purposes of this Guaranty only) of _____ (the "**Business Entity**") under the Franchise Agreement effective as of _____ (the "**Agreement**") between the Business Entity and HOOTS FRANCHISING, LLC ("**us**," "**our**" or "**we**").

1. **Scope of Guaranty**. In consideration of and as an inducement to our signing and delivering the Agreement, each of you signing this Guaranty personally and unconditionally: (a) guarantee to us and our successors and assigns that your Business Entity will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agree to be individually bound by each and every provision in the Agreement, including but not limited to the restrictive covenants regarding confidentiality and non-competition in Section 9 of the Agreement; and (c) agree to be personally liable for the breach of, each and every provision in the Agreement.

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

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

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

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

Each of you now sign and deliver this Guaranty effective as of the date of the Agreement regardless of the actual date of signature.

PERCENTAGE OF OWNERSHIP INTEREST IN BUSINESS ENTITY	GUARANTORS
_____	_____ Name: _____
_____	_____ Name: _____
_____	_____ Name: _____
_____	_____ Name: _____

SCHEDULE G

TO THE HOOTS FRANCHISING, LLC FRANCHISE AGREEMENT

SPECIAL STIPULATIONS

SPECIAL STIPULATIONS

NONE

SCHEDULE H

TO THE HOOTS FRANCHISING, LLC FRANCHISE AGREEMENT

STATE SPECIFIC ADDENDA (INCLUDE IF APPLICABLE)

ADDENDUM TO HOOTS FRANCHISING, LLC
CALIFORNIA FRANCHISE AGREEMENT

The Franchise Agreement between HOOTS FRANCHISING, LLC ("Franchisor") and _____ ("Franchisee") dated _____ (the "Agreement") will be amended by the addition of the following language, which will be considered an integral part of the Agreement (the "State Addendum").

In recognition of the requirements of the California Franchise Investment Law §§ 31000 through 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 through 20043, the Franchise Agreement, for franchises offered and sold in the State of California or to California residents, is amended to include the following:

1. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship will be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely on any statement made or information provided by any franchisor, broker or other person acting on the franchisor's behalf that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document signed in connection with the franchise.

2. No statement, questionnaire, or acknowledgment 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. Each provision of this State Addendum is effective only to the extent that the jurisdictional requirements of the California Business and Professions Code, with respect to each provision, are met independent of this State Addendum. This State Addendum has no force or effect if these jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

HOOTS FRANCHISING, LLC	FRANCHISEE
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

ADDENDUM TO THE HOOTS FRANCHISING, LLC
ILLINOIS FRANCHISE AGREEMENT

The Franchise Agreement between HOOTS FRANCHISING, LLC ("Franchisor") and _____ ("Franchisee") dated _____ (the "Agreement") will be amended by the addition of the following language, which will be considered an integral part of the Agreement (the "State Addendum").

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, Ill. Comp. Stat. §§ 705/1 through 705/44, the Franchise Agreement, for franchises offered and sold in the State of Illinois or to Illinois residents, is amended to include the following:

1. **Term, Renewal**. Section 2 of the Agreement is amended to include the following:

Your rights on Termination and Non-Renewal are stated in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

2. **Default and Termination**. Section 14 of the Agreement is amended to include the following:

Your rights on Termination and Non-Renewal are stated in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

3. **Governing Law**. Section 20.2 of the Agreement is amended in its entirety to read as follows:

EXCEPT TO THE EXTENT THIS AGREEMENT OR ANY PARTICULAR DISPUTE IS GOVERNED BY THE U.S. TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §1051 AND THE SECTIONS FOLLOWING IT) OR OTHER FEDERAL LAW OR THE ILLINOIS LAW, THIS AGREEMENT AND THE FRANCHISE ARE GOVERNED BY GEORGIA LAW. References to any law or regulation also refer to any successor laws or regulations and any impending regulations for any statute, as in effect at the relevant time. References to a governmental agency also refer to any successor regulatory body that succeeds to the function of such agency.

Illinois law governs the Franchise Agreement(s).

4. **Consent to Personal Jurisdiction, Forum Selection, Consent to Service of Process, and Waivers**. Section 20.3 of the Agreement is amended to include the following:

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.

To comply with Section 27 of the Act, all claims and actions arising out of or relating to this Agreement, the relationship between you and us or your operation of the Franchise brought by you against us must be commenced within three 3 years from the occurrence of the facts giving rise to the claim or action, within 1 year after you become aware of the facts or circumstances indicating you may have a claim for relief, or 90 days after delivery

to you of a written notice disclosing the violation, or the claim or action will be barred.

5. Any releases that we request you to sign must conform with Section 41 of the Act.

6. No statement, questionnaire, or acknowledgment 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.

7. 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.

HOOTS FRANCHISING, LLC	FRANCHISEE
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

ADDENDUM TO THE HOOTS FRANCHISING, LLC
INDIANA FRANCHISE AGREEMENT

The Franchise Agreement between HOOTS FRANCHISING, LLC ("Franchisor") and _____ ("Franchisee") dated _____ (the "Agreement") will be amended by the addition of the following language, which will be considered an integral part of the Agreement (the "State Addendum").

In recognition of the requirements of the Indiana Deceptive Franchise Practices Law, Indiana Code §§ 23-2-2.7-1 through 23-2-2.7-10, and the Indiana Franchise Disclosure Law, Indiana Code §§ 23-2-2-2.5-1 through 23-2-2-2.5-51, the Franchise Agreement, for franchises offered and sold in the State of Indiana or to Indiana residents, is amended to include the following:

1. Under Indiana Code 23-2-2.7-1(10), jurisdiction and venue must be in Indiana if the franchisee so requests. This amends Section 25 of the Franchise Agreement.

2. Under Indiana Code 23-2-2.7-1(10), franchisee may not agree to waive any claims or rights.

3. No statement, questionnaire, or acknowledgment 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.

HOOTS FRANCHISING, LLC	FRANCHISEE
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

ADDENDUM TO THE HOOTS FRANCHISING, LLC
MARYLAND FRANCHISE AGREEMENT

The Franchise Agreement between HOOTS FRANCHISING, LLC ("Franchisor") and _____ ("Franchisee") dated _____ (the "Agreement") will be amended by the addition of the following language, which will be considered an integral part of the Agreement (the "State Addendum").

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§ 14-201 through 14-233, the Franchise Agreement, for franchises offered and sold in the State of Maryland or to Maryland residents, is amended to include the following:

1. The franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

2. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

3. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. No statement, questionnaire, or acknowledgment 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.

HOOTS FRANCHISING, LLC	FRANCHISEE
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

ADDENDUM TO THE HOOTS FRANCHISING, LLC
MINNESOTA FRANCHISE AGREEMENT

The Franchise Agreement between HOOTS FRANCHISING, LLC ("Franchisor") and _____ ("Franchisee") dated _____ (the "Agreement") will be amended by the addition of the following language, which will be considered an integral part of the Agreement (the "State Addendum").

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the Franchise Agreement, for franchises offered and sold in the State of Minnesota or to Minnesota residents, is amended to include the following:

1. Section 8.4 of the Franchise Agreement is amended to include the following:

   We will protect your right to use our trademark, service marks, trade names, logotypes or other commercial symbols and indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding your authorized use of the same.

2. With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5 that require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure), and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

3. Any release signed as a condition of transfer will not apply to any claims you may have under the Minnesota Franchise Act.

4. Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring wavier of jury trial, or requiring that you consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce 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.

5. Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability under Minnesota Statutes 80C.01 through 80C.22. The Franchise Agreement contains provisions requiring a general release as a condition of renewal or transfer of a franchise. This release will exclude claims arising under Minnesota Statutes 80C.01 through 80C.22. In addition, no representation or acknowledgement by you in the Franchise Agreement is intended to or will act as a release, assignment, novation or waiver that would relieve any person from liability under Minnesota Statutes 80C.01 through 80C.22.

6. You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rule 2860.4400J. Also, a court will determine if a bond is required.

7. Any limitations of claims sections must comply with Minnesota Statutes, Section 80.17, Subdivision 5.

8. No statement, questionnaire, or acknowledgment 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.

HOOTS FRANCHISING, LLC	FRANCHISEE
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

ADDENDUM TO THE HOOTS FRANCHISING, LLC
NEW YORK FRANCHISE AGREEMENT

The Franchise Agreement between HOOTS FRANCHISING, LLC ("Franchisor") and _____ ("Franchisee") dated _____ (the "Agreement") will be amended by the addition of the following language, which will be considered an integral part of the Agreement (the "State Addendum").

In recognition of the requirements of the General Business Law of the State of New York, Article 33, Sections 680 through 695, the Franchise Agreement, for franchises offered and sold in the State of New York or to New York residents, is amended to include the following:

1. To the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

2. You may terminate the agreement on any grounds available by law.

3. Section 20.2 of the Franchise Agreement is amended to include the following:

   The foregoing choice of law should not be considered a waiver of any right conferred on us or you by Article 33 of the General Business Law of the State of New York.

4. No statement, questionnaire, or acknowledgment 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.

HOOTS FRANCHISING, LLC	FRANCHISEE
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

ADDENDUM TO THE HOOTS FRANCHISING, LLC
NORTH DAKOTA FRANCHISE AGREEMENT

The Franchise Agreement between HOOTS FRANCHISING, LLC ("Franchisor") and _____ ("Franchisee") dated _____ (the "Agreement") will be amended by the addition of the following language, which will be considered an integral part of the Agreement (the "State Addendum").

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Franchise Agreement, for franchises offered and sold in the State of North Dakota or to North Dakota residents, is amended to include the following:

1. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

2. Except for matters coming under the North Dakota Law, litigation must be in Georgia

3. The provisions of the Franchise Agreement on governing law, jurisdiction, and choice of law will not be a waiver of any right conferred on you by the North Dakota Franchise Investment Law.

4. Any general release language contained in the Franchise Agreement will not relieve us or any other person, directly or indirectly, from any liability imposed by the North Dakota Franchise Investment Law.

5. No statement, questionnaire, or acknowledgment 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.

HOOTS FRANCHISING, LLC	FRANCHISEE
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

ADDENDUM TO THE HOOTS FRANCHISING, LLC
RHODE ISLAND FRANCHISE AGREEMENT

The Franchise Agreement between HOOTS FRANCHISING, LLC ("Franchisor") and _____ ("Franchisee") dated _____ (the "Agreement") will be amended by the addition of the following language, which will be considered an integral part of the Agreement (the "State Addendum").

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19- 28.1-1 through 19-28.1-34, the Franchise Agreement, for franchises offered and sold in the State of Rhode Island or to Rhode Island residents, is amended to include the following:

1. Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

2. No statement, questionnaire, or acknowledgment 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.

HOOTS FRANCHISING, LLC	FRANCHISEE
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

ADDENDUM TO THE HOOTS FRANCHISING, LLC
SOUTH DAKOTA FRANCHISE AGREEMENT

The Franchise Agreement between HOOTS FRANCHISING, LLC ("Franchisor") and _____ ("Franchisee") dated _____ (the "Agreement") will be amended by the addition of the following language, which will be considered an integral part of the Agreement (the "State Addendum").

No statement, questionnaire, or acknowledgment 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.

HOOTS FRANCHISING, LLC	FRANCHISEE
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

ADDENDUM TO THE HOOTS FRANCHISING, LLC
VIRGINIA FRANCHISE AGREEMENT

The Franchise Agreement between HOOTS FRANCHISING, LLC ("Franchisor") and _____ ("Franchisee") dated _____ (the "Agreement") will be amended by the addition of the following language, which will be considered an integral part of the Agreement (the "State Addendum").

In recognition of the restrictions in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Agreement and Area Development Agreement for Hoots Franchising, LLC for use in the Commonwealth of Virginia is amended as follows:

1. 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 ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising At o the laws of Virginia, that provision may not be enforceable.

2. No statement, questionnaire, or acknowledgment 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.

HOOTS FRANCHISING, LLC	FRANCHISEE
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

ADDENDUM TO THE HOOTS FRANCHISING, LLC
WASHINGTON FRANCHISE AGREEMENT

The Franchise Agreement between HOOTS FRANCHISING, LLC ("Franchisor") and _____ ("Franchisee") dated _____ (the "Agreement") will be amended by the addition of the following language, which will be considered an integral part of the Agreement (the "State Addendum").

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, the Franchise Agreement, for franchises offered and sold in the State of Washington, is amended to include the following:

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 us including the areas of termination and renewal of your franchise. There may also be court decisions that may supersede the franchise agreement in your relationship with us including the areas of termination and renewal of your franchise.

3. In any arbitration involving a franchise purchased in Washington, the arbitration site will be either in the state of Washington, or in a place mutually agreed on at the time of the arbitration, 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 signed by a franchisee will not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when signed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those that unreasonably restrict or limit the statute of limitations period for claims under the Act, or 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 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 in the franchise agreement or elsewhere are void and unenforceable in Washington.

8. **We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. If we use the services of a franchise broker, we pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.**

9. No statement, questionnaire, or acknowledgment 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.

HOOTS FRANCHISING, LLC	FRANCHISEE
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

EXHIBIT B

DEVELOPMENT AGREEMENT AND RELATED AGREEMENTS

HOOTS DEVELOPMENT AGREEMENT

BETWEEN
HOOTS FRANCHISING, LLC
1815 THE EXCHANGE
ATLANTA, GEORGIA 30339
(770) 951-2040

AND
[FRANCHISEE]
[ADDRESS]
[PHONE NUMBER]

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SCHEDULES

HOOTS FRANCHISING, LLC
DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (the "**Agreement**") is made and entered into as of the date specified in Schedule A ("**Effective Date**") (all exhibits and schedules attached to this Agreement are hereby incorporated by this reference), by and between HOOTS FRANCHISING, LLC, a Delaware limited liability company with its principal business address at 1815 The Exchange, Atlanta, Georgia 30339 (hereinafter "**Franchisor**," "**we**," "**us**," or "**our**"), and the developer specified in Schedule A ("**Developer**," "**you**" or "**your**"). Franchisor and Developer referred to herein individually as a "**Party**" and collectively as the "**Parties**."

RECITALS:

A. Franchisor, itself and/or through affiliates, has developed a system (the "**System**") for the development, establishment, and operation of fast casual restaurants (the "**hoots wings Restaurants**") that offer a fast casual type restaurants that offer via chicken wings and other food and beverage offerings (including limited alcoholic beverages) for dine in, catering, take-out and delivery (the "**Products and Services**").

B. The distinguishing characteristics of the System include, without limitation, proprietary recipes and formulae used to create proprietary flavoring, ingredients, and/or products; distinctive exterior and interior restaurant design, trade dress, décor, and color scheme; distinctive standards, specifications, and procedures for operations; procedures for quality control; training and ongoing operational assistance; and advertising and promotional programs; all of which are set forth in our confidential operations manual (the "**Manuals**") or otherwise in writing, and which we may add to, delete from, and modify from time to time.

C. We further identify the System by means of certain names and marks, including the "HOOTS®" trademark (the "**Primary Mark**"), as well as other trade names, service marks, trademarks, logos, insignias, slogans, emblems, symbols, and designs that we have designated or may in the future designate for use with the System (collectively, the **"Marks"**). We and our affiliates may modify the Marks from time to time, adding new trade names, service marks, and trademarks which also will be included in the term "Marks."

D. We license the System and the Marks to franchisees for use in connection with the operation of hoots wing Restaurants by entering into separate franchise agreements (each a "**Franchise Agreement**"). Each hoots wing Restaurant operates from a specified location that we designate and approve (the "**Site**").

E. You wish to obtain certain rights to develop multiple hoots wing Restaurants under the System and wishes to enter into this Agreement, and to enter into Franchise Agreements with us, for that purpose.

In consideration of the foregoing and the mutual promises and commitments set forth in this Agreement, the parties agree as follows:

1 GRANT

1.1 Rights, Obligations. Subject to the terms of this Agreement, we hereby grant to you the non-exclusive right, and you hereby accept the obligation, to develop that cumulative number of hoots wing Restaurants (each a "**Franchised Business**" and, collectively the "**Franchised Business**") set forth in **Schedule A** to this Agreement, all of which are to be located in the geographic area(s) described in Schedule A ("**Development Area**") The Franchised Businesses must be developed pursuant to the development schedule (the "**Development Schedule**") also set forth in Schedule A. Each Franchised Business developed under this Agreement will be established and operated pursuant to a separate Franchise Agreement as provided in Section 3 below.

1.2 Development Area. Subject to Section 1.3, if you are in full compliance with all of the provisions of this Agreement, and all of other agreements with us or any of our affiliates (including the Franchise Agreements signed pursuant to this Agreement or otherwise), then during the term of this Agreement, we will not establish or operate, or license any other person to establish or operate, a hoots® wings restaurant with a Site physically located within the Development Area. The foregoing will not apply to any hoots wing Restaurants that are open, or under a commitment to open, as of the Effective Date, regardless of whether such restaurant will be operated by us, our affiliate, or a third party (individually or collectively, "**Pre-Existing Sites**"). If your right to develop the Franchised Businesses hereunder expires or is terminated under Section 7 hereof or otherwise, we shall have the right thereafter to develop and operate, and allow others to develop and operate, hoots wing Restaurants located anywhere in the Development Area, except as limited by any then-existing and effective Franchise Agreement.

1.3 Reserved Rights. We retain all other rights not expressly granted to you in this Agreement. Among other things, and on any terms and conditions as we deem appropriate in our judgment, and without granting you any rights therein, we may:

1.3.1 Own, acquire, establish, and/or operate and license others to establish and operate, hoots wing Restaurants under the System at any Site outside the Development Area, notwithstanding the Site's proximity to the Development Area or any hoots wings Restaurant, hoots wing Restaurants, the Franchised Businesses, or its actual or threatened impact on sales at the Franchised Businesses;

1.3.2 Own, acquire, establish, and/or operate, and license others to establish and operate, hoots wing Restaurants under the Marks at Reserved Facilities (as defined below) at any Site within or outside the Development Area. As used in this Agreement, "**Reserved Facilities**" will include: limited access and captive audience facilities, concession departments, separate areas, and other types of institutional accounts, which may include (i) airports, bus and railroad terminals, and other public transportation facilities, (ii) sports arenas, stadiums, and facilities, (iii) gasoline service stations, highway rest stops, and travel plazas, (iv) amusement parks or centers, zoos, parks, aquariums, museums, art centers, concert venues, theaters, drive-in theaters, movie theaters, amphitheaters, casinos, and other entertainment or tourist facilities, (v) supermarkets, convenience stores, department stores, outlet malls, and enclosed malls, (vi) food courts, (vii) hospitals and other health care facilities, (viii) universities, schools, and education facilities, (ix) convention centers, (x) military bases, and (xi) office

buildings, business complexes, condominiums, dormitories, other high-density locations, and other similar non-restaurant locations.

1.3.3 Own, acquire, establish, and/or operate and license others to establish and operate businesses: (a) using the Marks (but not the Primary Mark, except for hoots wing Restaurants which may use the Primary Mark and other Marks in your Development Area) and other marks in connection with the operation of such businesses; (b) which businesses may be similar to or different from hoots wing Restaurants; and (c) which may be located within or outside the Development Area, despite the proximity of such businesses to Franchised Businesses (but this clause will not allow us to operate or license others to operate a hoots wing Restaurant from a fixed location inside the Development Market Area, unless at a Reserved Facility). For the avoidance of doubt, certain of our affiliates may own, establish, and/or operate, and license others to establish and operate restaurants using the "Hooters®" mark inside the Development Area. As between the Parties, our affiliates and we retain all rights with respect to the licensing, franchising, development, and operation of Hooters® wings restaurants, or their products, services intellectual property or the like, regardless of whether such licensing, franchising, development, or operations are located or operating for take-out, delivery, wholesale, retail, or online sales anywhere ("**Hooters Activities**"). Hoots Restaurants are not Hooters® restaurants, and Hooters® wings restaurants may use the Primary Mark (among other Marks) inside your Development Area. We have sole discretion to determine what constitutes Hooters Activities as compared to the operation of a Hoots Restaurant, and no rights, duties, covenants, promises or obligations in this Agreement in any way restrict Hooters Activities anywhere, or grant you any rights or protections of any kind with respect to any Hooters Activities.

1.3.4 Market, sell and distribute, directly or indirectly, or license others to sell and to distribute, directly or indirectly, any goods, services or products, whether or not bearing the Marks or using the System, from any location (in the Development Area or elsewhere) to any business or customer, including, without limitation, through retail kiosks, grocery or convenience stores or other retail outlets, locations associated with activities like gambling locations, casinos or sports books, sporting events, airports, mass transit terminals, malls or office building cafeterias, at sporting even venues, and any other alternative distribution channels without any compensation or obligation to you (including, without limitation, through Delivery Kitchens, retail, wholesale, mail order, delivery services, toll free numbers, the Internet, intranet, catalog sales, websites, e-mail or other forms of e-commerce); however, this clause will not allow us to operate or license others to operate a hoots wing Restaurant physically located within the Development Area under: (a) the System; and (b) the Marks, unless permitted at a Reserved Facility. "**Delivery Kitchens**" include kitchens devoted to the preparation of certain products (often referred to as ghost, dark, or cloud kitchens), which may use the Marks and may deliver to customers located anywhere.

1.3.5 Advertise, or authorize others to advertise, using the Marks anywhere, including inside and outside any Development Area.

1.3.6 Acquire, be acquired by, or merge with another entity with existing businesses or franchises that are similar to or competitive with the Businesses anywhere (including inside and outside the Protected Area) and (i) convert the other businesses to be hoots wing Restaurants operating under the Marks and the System (except inside your Protected Area), (ii) permit the other businesses to continue to operate under another name anywhere (including inside your Protected Area), and/or (iii) permit the businesses to operate under another name and convert your Franchised Business and existing hoots wing Restaurants to such other name.

1.3.7 Engage in any act or exercise any right not expressly and exclusively provided to you under this Agreement.

1.4 Not a Franchise Agreement. This Agreement is not itself a Franchise Agreement, and only sets the framework for the Parties to enter into each of the Franchise Agreements under the Development Schedule. This Agreement does not grant to you any right to use in any manner our Marks or System separate from the rights granted under each Franchise Agreement.

2 DEVELOPMENT FEE

2.1 Development Fee. In consideration of the development rights granted herein, you must pay to us a development fee (the "**Development Fee**") in an amount set forth in Schedule A.

2.2 Development Fee is Non-Refundable. The Development Fee is due in lump sum and is fully earned and non-refundable upon your signing this Agreement. The Development Fee is paid to us in consideration of administrative and other expenses incurred by us and for the development opportunities lost or deferred as a result of the rights granted to you in this Agreement.

3 DEVELOPMENT OBLIGATIONS

3.1 Site Selection.

3.1.1 Site Selection Assistance. We or our or designee may provide you our then current site selection guidelines, including our minimum standards for locating a hoots wings Restaurant, and such site selection counseling and assistance as we may deem advisable from time to time.

3.1.2 Site Evaluation. We will accept or reject sites for the Franchised Businesses in accordance with the following provisions:

(a) You must submit to us, in accordance with the procedures we establish from time to time, a complete site information package containing all information that we reasonably require for each site for a Franchised Business that you propose to develop and operate (a "**Site Information Package**"). We will use all reasonable efforts to make a site acceptance decision and, if the site is accepted, deliver a site acceptance notice to you within thirty (30) days after we receive the complete Site Information Package and any other materials Franchisor has requested. We may grant

or withhold acceptance of any proposed site as we determine in our judgment for any reason.

(b) Neither our acceptance of a proposed site, nor any information communicated to you regarding our standard site selection criteria or the proposed site, constitutes a warranty or representation of any kind, express or implied, as to the suitability of the proposed site for the Franchised Business or for any other purpose. Our acceptance of a proposed site merely signifies that we are willing to grant a franchise for a Franchised Business at that location in accordance with the terms of this Agreement. Your decision to develop and operate a Franchised Business at any site is based solely on your own independent investigation of the suitability of the site for a Franchised Business.

3.2 Grant of Franchise.

3.2.1 Provided you are in full compliance with the terms and conditions contained in this Agreement, and with all of your obligations under each existing Franchise Agreement, then thefranchise rights for each proposed Franchised Business will be granted to you upon your obtaining our written approval of a site for the Franchised Business. The granting of any such franchise rights is expressly conditioned on you and us entering into a Franchise Agreement for the approved site. The form of the Franchise Agreement for the first Franchised Business to be developed pursuant to this Agreement is attached hereto as **Schedule B**. The form of the Franchise agreement for each subsequent Franchised Business developed hereunder shall be in the form of Franchise Agreement being offered generally by us at the time each such Franchise Agreement is executed. Once a Franchise Agreement has been signed for a Franchised Business, your territorial rights with respect to that Franchised Business will be governed solely by the applicable Franchise Agreement.

3.2.2 Concurrently with your execution and delivery of each Franchise Agreement to us, you and your Owners and Affiliates must, except to the extent limited or prohibited by applicable law, execute and deliver to us a general release in form and substance satisfactory to us, of any and all claims against us, our affiliates, subsidiaries, and parents, and their respective shareholders, officers, directors, managers, employees, agents, successors and assigns. "**Owner**" means each person or entity that has a direct or indirect legal or beneficial ownership interest in you, if you are an entity.

3.2.3 The initial franchise fee payable for each Franchised Business required to be developed pursuant to this Agreement shall be in an amount set forth in Schedule A, payable concurrently with the execution of the related Franchise Agreement. If you are in full compliance with this Agreement, then a portion of the Development Fee will be credited against the initial franchise fee payable under each Franchise Agreement as set forth in Schedule A. You acknowledge and agree that no portion of the Development Fee shall be refundable for any Franchised Business that you fail to develop in accordance with the terms of this Agreement.

3.2.4 We may, in our sole discretion, approve you to use Controlled Affiliates to enter into the Franchise Agreements contemplated under this Agreement. The term "**Controlled Affiliate**" means any corporation, limited liability company or other business entity of which you or one or more of your majority owners who are approved by us owns at least fifty-one percent (51%) of the total authorized ownership interests, and you or such owner(s) have the right to control the entity's management and policies.

4 TERM

This Agreement will commence on the Effective Date and will continue in effect until the earlier of: (a) the last Site Selection Date specified in in the Development Schedule, (b) the actual selection of the last Site under the Development Schedule, (c) the date of termination of this Agreement if terminated due to your breach of this Agreement or any of your Franchise Agreements; or (d) the last day of the Development Term set forth in Schedule A (the "**Term**").

5 DUTIES OF THE PARTIES

5.1 Our Obligations. Our only initial obligation to you is to help you define your Development Area and assign it to you. Any other obligations we have to you are included in the individual Franchise Agreements that you will sign for each Franchised Business.

5.2 Your Obligations. You accept the following obligations:

5.2.1 You must acquire the rights the Site for each Franchised Business (e.g., execute a lease for the site or close on the purchase of the site) by the deadlines set forth in Schedule A (each a "**Site Acquisition Deadline**"). You must open each of the Franchised Businesses for business on the date set forth in Schedule A (each an "**Opening Date**"). Recognizing that time is of the essence, you agree to satisfy the Development Schedule, including meeting all deadlines set forth in Schedule A.

5.2.2 You must comply with all federal, state, and local laws, rules, and regulations, and must timely obtain any and all permits, certificates, or licenses ("**Laws**") necessary for the full and proper conduct of the business contemplated under this Agreement. To the extent that the requirements of these laws are in conflict with the terms of this Agreement or other instructions we provide, you must: (a) comply with these laws; and (b) immediately provide written notice describing the nature of such conflict to us.

5.2.3 Except as otherwise approved in writing by us, you (or a Regional Manager) must devote full time and best efforts to the management and operation of the Franchised Business. We have the right to require you to employ one or more regional managers (who must be individuals reasonably acceptable to us) to supervise the day to day operations of the Franchised Businesses ("**Regional Managers**"). Any such Regional Managers must be required to attend and successfully complete (to our reasonable satisfaction) such training course as we may reasonably require.

5.2.4 You must notify us in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may

adversely affect the operation or financial condition of you and/or any Franchised Businesses established pursuant to this Agreement.

6 RESTRICTIVE COVENANTS

6.1 Confidential Information. You acknowledge that certain information relating to the development and operation of the Franchised Businesses including, without limitation, the standards,methods, procedures and specifications of the System, including the contents of the Manuals, is derived from information disclosed to you by us and that all such information is of a proprietary and confidential nature and our trade secret ("**Confidential Information**"). You and each of your Owners, officers, directors, members, partners, managers, employees and agents, must maintain the absolute confidentiality of all such Confidential Information both during the Term of this Agreement and after the termination or expiration of this Agreement and can use such Confidential Information only to the extent necessary to allow you to operate the Franchised Businesses, and may not disclose any such Confidential Information for any reason whatsoever, except as provided herein. You may disclose the Confidential Information to your Owners, officers, directors, members, partners, managers, employees, and agents onlyto the extent necessary for the development of the Franchised Business in accordance with this Agreement. You must sign and shall cause those persons receiving the Confidential Information to sign, a Confidentiality Agreement that we prescribe. You cannot use any such Confidential Information, directly or indirectly, in any other business or in any other manner or obtain any benefit therefrom not specifically approved in writing by us during the Term of this Agreement or afterwards.

6.2 Use of Confidential Information. You will not acquire any interest in the Confidential Information other than the right to use the Confidential Information in connection with the development of the Franchised Businesses during the Term of this Agreement and acknowledge that your use or duplication of the Confidential Information in any other business or capacity will constitute an unfair method of competition with us, our Affiliates and our other area developers, multi-unit developers and franchises.

You acknowledge that we are disclosing the Confidential Information to you solely on the condition that you agree, and you hereby agree, that any Confidential Information received from us (a) shall only be used by you for purposes of performing your obligations under this Agreement, (b) will not be used by you in any other business, manner or capacity, (c) will have its absolute confidentiality maintained by you both during and after the Term of this Agreement and any renewal term, (d) will not be copied by you without our written authorization, and (e) will not be disclosed by you to any third party without our prior written consent. You must use reasonable care to prevent the disclosure of the Confidential Information to any third party, and further shall limit the dissemination of the Confidential Information within your own organization to those individuals whose duties justify the need to know the Confidential Information, and then only provided that there is a clear understanding by such individuals of their obligation to maintain the confidential status of the Confidential Information and to restrict its use solely to the purposes specified herein. You must cause each person receiving the Confidential Information to sign a copy of a confidentiality agreement if requested by us. You acknowledge that no other right or license to use the Confidential Information is granted by this Agreement and agrees that the amount of the Confidential Information to be disclosed to you is completely within our discretion.

6.3 Covenants Not to Compete. The following definitions apply to this Section 6:

6.3.1 Competing Activity. "**Competing Activity**" means: (i) owning, developing, opening, managing, supervising, controlling, operating or providing training to any Competing Business; or (ii) authorizing, assisting, inducing or leasing or licensing any property of any kind to another to own, develop, open, manage, supervise, control, operate or provide training to a Competing Business.

6.3.2 Competing Business. "**Competing Business**" means a full-service restaurant or bar concept, other than a business Franchisee operates pursuant to an agreement with Hoots Franchising, that offers the same or substantially similar food and beverage products as offered by a hoots wings Restaurant. Without limiting the generality of the foregoing, all of the following businesses must conclusively be deemed to be Competing Businesses: Wing Stop®, Buffalo Wild Wings®, Buffalo's®, T. MAC®; Boston Pizza Restaurant & Sports Bar, Beef "O" Brady's; East Coast Wings; Bar Louie; Old Chicago Pizza & Taproom; Buffalo Wings & Rings; Brass Tap; Native Grill & Wings; Beers of The World; Miller's Ale House; Duffy's Sports Grill; Dave & Buster's and any other restaurant concept that focuses on the sale of the same or similar food and beverage items as offered by a hoots wings Restaurant.

6.3.3 In-Term Covenant Not to Compete. You covenant, warrant, represent, and agree that you, your Owners, and your affiliates (including Controlled Affiliates) will not, during the Term of this Agreement, individually or jointly with others, directly or indirectly, by, through, on behalf of, or in conjunction with, any other person or entity: (i) engage in a Competing Activity; (ii) act as a director, officer, shareholder, partner, member, employee, independent contractor, consultant, principal, agent, or proprietor, or participate or assist in the establishment or operation of, directly or indirectly, any business engaged in a Competing Activity, except that you may purchase or hold less than five percent (5%) of the shares of any publicly-traded business engaged in a Competing Activity; or (iii) divert or attempt to divert any business from the Franchised Businesses or the System.

6.3.4 Post-Term Covenant Not to Compete. You covenant, warrant, represent, and agree that you, your Owners, and your affiliates (including Controlled Affiliates) will not, beginning at the expiration or termination of this Agreement (collectively, a "**Triggering Event**") and continuing for two (2) years thereafter or two (2) year after a court of competent jurisdiction enters an order enforcing this Section 6, whichever occurs last, individually or jointly with others, directly or indirectly, by, through, on behalf of, or in conjunction with, any other person or entity: (i) engage in a Competing Activity within (a) your Development Area, (b) any of your Development Areas or former Development Areas under any other agreement with us or our affiliates; or (c) within a 10-mile radius of any other hoots wings restaurant in existence or under construction as of the date of the Triggering Event (collectively, the "**Restricted Area**"); provided however that you may purchase or hold less than five percent (5%) of the shares of any publicly-traded Competing Business; or (ii) divert or attempt to divert any business from your Franchised Businesses or the System within the Restricted Area.

6.3.5 If you have any business(es) in operation prior to signing this Agreement, you must obtain our approval to continue the operation of such business(es) during this Agreement without such business(es) being a violation of this Section 6. Any business(es) approved by us for such treatment (an "**Excluded Existing Business**") are identified in Schedule A. You acknowledge and agree that only those businesses, if any, identified in Schedule A as Excluded Existing Businesses shall be excluded from the coverage of this Section 6.

6.4 Disclosure of Ownership Interests. You and each of your Owners represent, warrant and agree that **Schedule C** is a current, complete and accurate list of your Owners' ownership interest in you as of the Effective Date. Each of your Owner(s) must enter into a continuing guaranty agreement in the form attached hereto as Schedule D (the "Guaranty"). We may amend or modify the form of such Guaranty from time to time as to Owners signing the Guaranty after the Effective Date. We may require your spouse, or the spouse of any Owner, to also sign the Guaranty.

6.5 Individual Covenants. You will require and obtain execution of an individual non-disclosure and non-competition agreement, the form of which we will approve, from your Owners and managers (including the Regional Manager). Your failure to obtain execution of a covenant required by this Section 6.5 shall constitute a default under this Agreement.

6.6 Reduction in Scope. You understand and acknowledge that we have the right to reduce the scope of any covenant set forth in this Section 6 in this Agreement, or any portion thereof, without your consent, effective immediately upon receipt by you of written notice thereof; and Developer agrees that it must comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 13 below.

6.7 Claims Not a Defense. You expressly agree that the existence of 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 in this Section 6. You agree to pay all costs and expenses (including reasonable attorneys' fees) we incur in connection with the enforcement of this Section 6.

6.8 Covenant as to Anti-Terrorism Laws. You agree to comply with, and/or to assist us to the fullest extent possible in our efforts to comply with, the USA PATRIOT Act, and all other present and future Laws addressing or in any way relating to terrorist acts and acts of war.

6.9 Defaults. You acknowledge that your violation of the terms of this Section 6 would result in irreparable injury to us for which no adequate remedy at law may be available, and you accordingly consent to the issuance of an injunction prohibiting any conduct by you in violation of the terms of this Section 6.

7 DEFAULT AND TERMINATION

7.1 Automatic. You will be deemed to be in default under this Agreement, and this Agreement will automatically terminate without notice to you, if you become insolvent or makes a general assignment for the benefit of creditors; or if you file a petition in bankruptcy or such a petition is filed against and not opposed by you; or if you are adjudicated 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 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 if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless an appeal or a supersedeas bond is filed); or if you are dissolved; or if execution is levied against your business or property; or if suit to foreclose any lien or mortgage against the Site of at least one of the Franchised Businesses or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of at least one of the Franchised Businesses must be sold after levy thereupon by any sheriff, marshal, or constable.

7.2 With Notice. You will 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 the delivery of written notice by us to you (in the manner set forth under Section 9 below), upon the occurrence of either of the following events:

7.2.1 You fail to meet any of your obligations under the Development Schedule, including any payment of Development Fees, any the Site Acquisition Deadlines, and any of the Opening Dates;

7.2.2 You, a Controlled Affiliate, or one of your Owners makes any material misstatement or omission in connection with acquiring the franchise or entering into this Agreement or in any other information, report or summary provided to us at any time;

7.2.3 You, a Controlled Affiliate, or one of your Owners is convicted of, or pleads no contest to, a felony or other crime or offense that Franchisor reasonably believes may adversely affect the System or the goodwill associated with the Marks;

7.2.4 You, a Controlled Affiliate, or one of your Owners makes any unauthorized use or disclosure of the Confidential Information;

7.2.5 You, a Controlled Affiliate, or one of your Owners is in breach of any Franchise Agreement such that such that we or our affiliates has a right to terminate any such agreement, whether or not we elect to do so; or

7.2.6 You, a Controlled Affiliate, or one of your Owners is in breach of any other agreement between you and/or a Controlled Affiliate, on the one hand, and us and/or our affiliate, on the other hand, such that we or our affiliates has a right to terminate any such agreement, whether or not we elect to do so.

7.3 With Notice and Ten Day Opportunity to Cure. Upon the occurrence of any of the following events of default, we may, at its option, terminate this Agreement by giving written notice of termination to you (in the manner set forth under Section 9 below), stating the nature of the default, at least ten (10) days prior to the effective date of termination; provided, however, that you may avoid termination by immediately initiating a remedy to cure such default, curing it to our satisfaction, and by promptly providing proof to us thereof within the ten (10) day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement will terminate without further

notice to you, effective immediately upon the expiration of the ten (10) day period or such longer period as applicable law may require.

7.3.1 If you fail, refuse, or neglect promptly to pay any monies owing us or our affiliates when due, other than your Development Fees which are subject to Section 7.2.1;

7.3.2 If you fail to comply with all Laws.

7.4 With Notice and Thirty Day Opportunity to Cure. Except as otherwise provided in Sections 7.1, 7.2 and 7.3, above, upon any other default by you, a Controlled Affiliate, or one of your Owners of your obligations hereunder, we may terminate this Agreement by giving written notice of termination to you (in the manner set forth under Section 9 below), setting forth the nature of such default, at least thirty (30) days before the effective date of termination; provided, however, that you may avoid termination by immediately initiating a remedy to cure such default, curing it to our satisfaction, and by promptly providing proof thereof to us within the thirty (30) period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement and all rights granted hereunder (including but not limited to, the right to develop any new Franchised Businesses) will terminate without further notice to you, effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require.

7.5 Reduction or Elimination of Developer Rights. In lieu of termination, we shall have the right to reduce or eliminate all or only certain of your rights under this Agreement; and if we exercise this right, we will not be deemed to have waived our right to, in the case of future defaults, exercise all other rights, and invoke all other provisions, that are provided in law and/or set out under this Agreement.

7.6 Damages. In addition to other remedies that we may have, if we terminate this Agreement as a result of your default of this Agreement, you must pay to us all costs and expenses we may incur related to such default and termination, including without limitation attorneys' fees and costs that we incur related to: (i) drafting notices, demands, and other documents related to such default and termination; (ii) obtaining decrees for specific performance; (iii) obtaining injunctive or other relief; (iv) collection of amounts owed; and (v) appeal; so that we actually receive such payments by the end of ten (10) days after demand therefore.

7.7 Effect of Termination or Expiration. Upon termination or expiration of this Agreement, you will have no right to establish or operate any Franchised Business for which a Franchise Agreement has not been executed by us at the time of termination. Thereafter, we will be entitled to establish, and to license others to establish, hoots wings Restaurants in the Development Area (except as may be otherwise provided under any Franchise Agreement that has been executed between the Parties).

8 TRANSFERS

8.1 By Us. We shall have the absolute right to transfer, assign, and delegate all or any part of its rights and obligations under this Agreement to any person or entity we deem appropriate. Such transfer, assignment, or delegation shall affect a complete novation as to the right or obligation transferred, assigned, or delegated. After such transfer, assignment, or delegation, you will look solely to the transferee, assignee, or delegatee, and not to us, for the satisfaction of any obligation transferred, assigned, or delegated.

We may also, without your consent, transfer, assign, or otherwise alter any or all of the ownership in us.

8.2 By You. Our prior written consent is a necessary condition precedent to the sale, assignment, delegation, transfer, conveyance, gift, pledge, mortgage, encumbrance, or hypothecation (collectively, the "**Transfer**") of any direct, indirect, or beneficial interest in (a) Developer; (b) this Agreement; or (b) your rights and obligations under this Agreement. As a condition to its consent to a Transfer, we may require that (a) the proposed Transfer under this Agreement is made in conjunction with a simultaneous transfer of all comparable interests held by the transferor under all the Franchise Agreements executed pursuant to this Agreement; and (b) you have satisfied any and all of the conditions and requirements for transfers set forth in the form of the Franchise Agreement that we deem applicable to a proposed transfer under this Agreement.

8.3 Consent to Transfer. Our consent to a transfer which is the subject of this Section 8 shall not constitute a waiver of any claims we may have against the transferring party arising prior to the transfer, nor will it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferor with respect to any claims prior to the transfer or transferee thereafter.

9 NOTICES

9.1 Any and all notices required or permitted under this Agreement must be in writing and must be: (i) personally delivered; (ii) mailed by certified or registered mail, return receipt requested; or (iii) delivered by overnight courier service, such as UPS, Federal Express, or DHL, 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 us:

Hoots Franchising, LLC
1815 The Exchange
Atlanta, Georgia 30339

Copy to (which copy must not constitute notice):
Hooters of America, LLC
1815 The Exchange
Atlanta, Georgia 30339
Attention: Legal Department

Notices to you:

See Schedule A.

9.2 Any notice delivered under Section 9.1 of this Agreement will be deemed to have been given on the earlier of: (i) the date and time of receipt; (ii) five (5) business days after being mailed by certified or registered mail, return receipt requested; (iii) the next business day after having been deposited with an overnight courier service for next business day delivery; or (iv) the intended recipient's failure or refusal to accept delivery.

10 RELATIONSHIP OF THE PARTIES

10.1 Independent Contractor Relationship. It is understood and agreed by the Parties hereto that this Agreement does not create a fiduciary relationship between them; that you shall be an independent contractor; and, that nothing in this Agreement is intended to constitute either Party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever.

10.2 Notice of Status. At all times during the term of this Agreement, you will hold yourself out to the public in connection with the Franchised Businesses and the business described in this Agreement as an independent contractor operating the business pursuant to this Agreement. You agree to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place within the your offices, the content of which we reserve the right to specify.

10.3 No Contracts in Our Name. It is understood and agreed that nothing in this Agreement authorizes you to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in our name; and that we shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall we be liable by reason of any act or omission on your part in your activities and operations hereunder, or for any claim or judgment arising therefrom against you.

10.4 Indemnification.

10.4.1 The term "**Losses and Expenses**" will include, without limitation, any and all obligations, debts, claims, demands, rights, actions, causes of action, loss, losses, damage, damages, expenses, costs, liability, and liabilities of any nature or kind; including, without limitation, accountants', attorneys', and expert witness fees and costs; costs of investigation and proof of facts; court costs and other expenses of litigation; and travel and living expenses, together with compensation for damages to our reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time or space, and costs of changing, substituting, or replacing such advertising material and media time or space, and any and all expenses of recalls, refunds, compensation, public notices, and other amounts arising out of or related to such matters.

10.4.2 You agree to indemnify us, our affiliates, parents, subsidiaries, and their respective directors, officers, employees, shareholders, members, managers, agents, successors and assigns (each, an "**Indemnitee**," and collectively "**Indemnitees**"), and to hold the Indemnitees harmless to the fullest extent permitted by law, from any and all Losses and Expenses (as defined below) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, formal or informal inquiry (regardless of whether it is reduced to judgment) or any settlement thereof which arises directly or indirectly from, or as a result of, a claim of a third party against any one or more of the Indemnitees in connection with (i) your failure to perform or breach of any covenant, agreement, term or provision of this Agreement; (ii) your breach of any representation or warranty contained in this Agreement; (iii) your development, ownership, operation and/or closing of any of the Franchised Businesses; (iv) any allegedly unauthorized service or act rendered or performed by you in connection with this Agreement, and regardless of whether it resulted from any strict or vicarious liability imposed by law on the Indemnitees,

and (iv) any allegedly unauthorized service or act rendered or performed by you in connection with this Agreement, and regardless of whether it resulted from any strict or vicarious liability imposed by law on the Indemnitees; and (v) any acts, errors, or omissions of you or any of your directors, officers, shareholders, partners, members, employees, agents, and attorneys.

10.4.3 This indemnification will include losses alleging the negligence of any Indemnitee, including, without limitation, negligence in the supervision and inspection of the Franchised Businesses, but excluding any case in which the Indemnitee is determined by a court of competent jurisdiction to have engaged in grossly negligent or willful misconduct.

10.4.4 You must promptly notify us of any action, suit, proceeding, claim, demand, inquiry, investigation, or default described in Section 10.4.3. If we are or may be named as a party in any action, suit, or proceeding, we may elect to undertake, but will not be obligated to undertake, the defense or settlement thereof, at your cost and expense. No such undertaking by us will, in any manner or form, diminish your obligation to indemnify the Indemnitees and to hold them harmless.

10.4.5 With respect to any action, suit, proceeding, claim, demand, inquiry, or investigation, we may, at any time and without notice, in order to protect persons or property, our reputation or goodwill, or others, order, consent, or agree to any settlement or take any remedial or corrective action that we deem expedient if, in our sole judgment, there are grounds to believe that:

(a) Any of the acts, omissions, or circumstances giving rise to the action, suit, proceeding, claim, demand, inquiry, or investigation, in fact occurred; or

(b) Any act, error, or omission of or by you may result directly in or indirectly in damage, injury, or harm to any person or any property.

10.4.6 All Losses and Expenses incurred under this Section 10 will be chargeable to and paid by you pursuant to your obligations of indemnity under this Agreement.

10.4.7 Under no circumstances will the Indemnitees be required or obligated to seek recovery from third parties or to otherwise mitigate their losses in order to maintain a claim against you. You agree that the failure to pursue such recovery or to mitigate loss will in no way reduce the amounts the Indemnitees may recover from you.

10.4.8 The Indemnitees assume no liability whatsoever for any acts, errors, or omissions of any persons with whom you may contract, regardless of the purpose. You must hold harmless and indemnify the Indemnitees and each of them for all Losses and Expenses that may arise out of any acts, errors, or omissions of persons with whom you may contract.

10.4.9 The indemnification set forth in this Section 10 will survive the termination or expiration of this Agreement.

10.5 Ownership of the Marks. You acknowledge that an affiliate has granted us the exclusive right to use and to license others to use the Marks and the System to establish hoots wings restaurants in the jurisdiction in the Development Area. You are not granted the right under this Agreement to use the Marks. Your right to use the Marks arises solely from, and is limited to, Franchise Agreements entered into between the Parties. You may not use any Marks (or any abbreviation, modification or colorable imitation) as part of any corporate, legal or other business name (other than in connection with any legally required fictitious or assumed name filings), or with any prefix, suffix or other modifying words, any of your terms, designs or symbols, or with the name or other designation of the metropolitan area or city in which any of the Franchised Businesses are located, or in any other manner (including any Internet related use such as an electronic media identifier, for websites, web pages or domain names) not explicitly authorized in writing by us. You may not at any time during or after the Term contest, or assist any other person or entity in contesting, the validity or ownership of any of the Marks.

11 APPROVALS AND WAIVERS

11.1 Request for Approval. Whenever this Agreement requires our prior approval or consent, you must make a timely written request to us therefor, and such approval or consent must be obtained in writing.

11.2 No Warranties or Guarantees. You acknowledge and agree that we make no warranties or guarantees upon which you may rely, and assumes no liability or obligation to you, by providing any waiver, approval, consent, or suggestion to you in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

11.3 No Waivers. No delay, waiver, omission, or forbearance on our part to exercise any right, option, duty, or power arising out of any breach or default by you under any of the terms, provisions, covenants, or conditions of this Agreement, and no custom or practice by the Parties at variance with the terms of this Agreement, will constitute a waiver by us to enforce any such right, option, duty, or power as against you, or as to subsequent breach or default by you. Subsequent acceptance by us of any payments due to it hereunder or under any other agreement will not be deemed to be a waiver by us of any preceding or succeeding breach by you of any terms, provisions, covenants, or conditions of this Agreement.

12 ENTIRE AGREEMENT AND AMENDMENT

This Agreement and the schedules referred to herein constitute the entire, full, and complete Agreement between the Parties concerning the subject matter hereof, and supersede all prior agreements, no other representations having induced you to execute this Agreement. The Parties acknowledge and agree that they relied only on the words printed in this Agreement in deciding whether to enter into this Agreement. Notwithstanding the foregoing, nothing in this Agreement will act to disclaim or require you to waive reliance on any representation that we made in the most recent Franchise Disclosure Document (including its exhibits, schedules, and amendments) that we delivered to you or your representative, subject to any agreed-upon changes to the contract terms and conditions described in that disclosure document and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement). No amendment, change, or variance from this Agreement must be binding on either party

unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

13 SEVERABILITY AND CONSTRUCTION

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

13.2 Interpretation. The table of contents and section headings in this Agreement are inserted for convenience only and will not affect the meaning or construction of this Agreement. Except as otherwise set forth in this Agreement, the language of this Agreement will be construed simply according to its fair meaning and not strictly for or against either party. The Recitals of this Agreement are a material part of this Agreement, and will in no event be considered mere prefatory material or surplusage. "Herein," "hereof," and "hereunder" refer to this Agreement as a whole and not to any particular part. Words importing the singular number only will include the plural and vice-versa, and words importing the masculine gender will include the feminine and neuter genders and vice-versa. The word "including" means "including without limiting the scope or generality" of any description preceding such word, and the word "or" means, and is used in the inclusive sense of, "and/or." References to documents, instruments, or agreements will be deemed to refer as well to all addenda, exhibits, schedules, or amendments thereto.

13.3 No Liability to Others; No Other Beneficiaries. We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity who is not a party to this Agreement. Except as specifically described in this Agreement, no other party has any rights because of this Agreement.

13.4 Headings. All captions in this Agreement are intended solely for the convenience of the parties, and no caption shall be deemed to affect the meaning or construction of any provision hereof.

13.5 Survival. All provisions of this Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Agreement, shall so survive the expiration and/or termination of this Agreement.

14 APPLICABLE LAW AND DISPUTE RESOLUTION

14.1 Notice of Dispute. You must give us advance written notice of your intent to institute legal action against us, stating with specificity the basis for such proposed action, and must grant us thirty (30) days from our receipt of such notice to cure the alleged act on which such legal action is to be based.

14.2 Governing Law. This Agreement and related agreements are accepted by us in the State of Georgia and shall be governed by, construed in accordance with and enforced in accordance with the laws thereof, which laws shall prevail in the event of any conflict; provided, however, (i) any provision not enforceable under Georgia law shall be construed in accordance with the laws of the State(s) where such restriction(s) is(are) to apply, and (ii) any Georgia law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this section.

14.3 Consent to Personal Jurisdiction, Forum Selection, Consent to Service of Process, and Waivers. The Parties agree that it is in their best interest to resolve disputes between them in an orderly fashion and in a consistent manner. Therefore, the parties hereby agree to each of the terms provided below in this Section 14.3.

14.3.1 You consent and agree that the following courts shall have personal jurisdiction over you in all lawsuits relating to or arising out of this Agreement and related agreements and hereby waives any defense you may have of lack of personal jurisdiction in any such lawsuit filed in these courts: (A) all courts included within the state court system of the State of Georgia including, without limitation, the Superior Courts; and (B) all the United States District Courts sitting within the State of Georgia.

14.3.2 You consent and agree that venue shall be proper in any of the following courts in all lawsuits relating to or arising out of this Agreement and related agreements and hereby waives any defense you may have of improper venue in any such lawsuits filed in these courts: (A) the Superior Court of Cobb County, Georgia; and (B) the United States District Court for the Northern District of Georgia, Atlanta Division. In the event any of these courts are abolished, you agree that venue shall be proper in the state or federal court in Georgia which most closely approximates the subject-matter jurisdiction of the abolished court as well as any of these courts which are not so abolished. All lawsuits filed by you against us relating to or arising out of this Agreement and related agreements shall be required to be filed in one of these courts; provided, however, that if none of these courts has subject-matter jurisdiction over such a lawsuit, such lawsuit may be filed in any court in Georgia having such subject-matter jurisdiction if in-personam jurisdiction and venue in such court are otherwise proper. Lawsuits filed by us against you may be filed in any of the courts named in this Section 14 or in any court in which jurisdiction and venue are otherwise proper.

14.3.3 In all lawsuits relating to or arising out of the Agreement and related agreements, you consent and agree that you may be served with process outside the State of Georgia in the same manner as service may be made within the State of Georgia by any person authorized to make service by the laws of the state, territory, possession or country in which service is made or by any duly qualified attorney in such jurisdiction, and you hereby waive any defense you may have of insufficiency of service of process relating to such service. This method of service shall not be the exclusive method of service available in such lawsuits and shall be available in addition to any other method of service allowed by law.

14.3.4 The Parties irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of them against the other.

14.3.5 Any and all claims and actions arising out of or relating to this Agreement, the relationship of the Parties (or our affiliates), or your operation of the Franchised Business, brought by either Party hereto against the other shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

14.3.6 The Parties hereby waive, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other, except for punitive or exemplary damages authorized by applicable federal law.

14.3.7 Any litigation between the Parties, and any of their respective affiliates, directors, officers, or agents shall be conducted on an individual basis, and not as part of a consolidated, common, group, or class action.

14.4 Injunctive Relief. Nothing set forth in this Agreement will bar our right to obtain injunctive relief against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

14.5 Cost and Attorneys' Fees. If we commence a legal proceeding against you to enforce any term or provision of this Agreement, and prevail in the legal proceeding (as determined by the trier-of-fact), we will be entitled to recover from you the costs and expenses that we incurred in preparing for, commencing, and prosecuting the proceeding, and until the proceeding has come to a complete end (including appeals and settlements), including, without limitation, reasonable accounting, attorneys', arbitrators', and related fees. In addition, if you incur costs and expenses due to your failure to pay when due amounts owed to us, to submit when due any reports, information, or supporting records, or otherwise to comply with this Agreement, you agree, even if we do not initiate a formal legal proceeding, to reimburse us for all of the costs and expenses that we incur, including, without limitation, reasonable accounting, attorneys', and related fees.

14.6 Cumulative Rights and Remedies. Except as otherwise stated in this Agreement, no right or remedy that the Parties have under this Agreement is exclusive of any other right or remedy under this Agreement or under applicable law. Each and every such remedy will be in addition to, and not in limitation of or substitution for, every other remedy available at law or in equity or by statute or otherwise.

15 ACKNOWLEDGMENTS

15.1 No Conflicting Obligations. Each Party represents and warrants to the others that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict such party from: (a) negotiating and entering into this Agreement; (b) exercising its rights under this Agreement; and/or (c) fulfilling its responsibilities under this Agreement.

15.2 Developer's Responsibility for Operation of the Franchised Businesses. Although we retain the right to establish and periodically modify System standards, which you have agreed to maintain in the operation of the Franchised Businesses contemplated hereunder, you retain the right and sole responsibility for the day-to-day management and operation of the Franchised Businesses and the implementation and maintenance of system standards at the Franchised Businesses contemplated hereunder.

15.3 Different Offerings to Others. You acknowledge and agree that we may modify the offer of development rights to other parties in any manner and at any time, which offers and agreements may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement.

15.4 General Release. You, your Owners, and your affiliates release, remise, acquit and forever discharge us, our parents, subsidiaries, and affiliates, and their respective shareholders, officers, directors, employees, and agents from any and all claims, whether known or unknown at this time, of any kind or nature, absolute or contingent, on account of any matter, cause or thing whatsoever that has happened, developed or occurred before you signed and delivered this Agreement to us. This release will survive the termination of this Agreement. Notwithstanding the foregoing, nothing in this Agreement will act to disclaim or require you to waive reliance on any representation that we made in the most recent Franchise Disclosure Document (including its exhibits and amendments) that we delivered to you or your representative, subject to any agreed-upon changes to the contract terms and conditions described in that disclosure document and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement).

15.5 Receipt of Complete Agreement and FDD. Although it may not be required by law or regulations, Developer acknowledges that it received a copy of the franchise disclosure document describing the hoots wings restaurants (the "**FDD**"), including any state addendum (if applicable), this Agreement, the exhibit(s) hereto, and agreements relating hereto, if any, with all of the blank lines therein filled in, at such time as may be required by the applicable federal and state laws and regulations.

15.6 Developer Read this Agreement and the FDD and Consulted with Advisors. Developer acknowledges that it has read and understands this Agreement and the exhibits hereto and the FDD, and that we have accorded Developer ample time and opportunity to consult with advisors of Developer's own choosing about the potential benefits and risks of entering into this Agreement. Developer acknowledges that is has not knowledge of any representations by us, or anyone purporting to act on our behalf, that are contrary to the statements made in the FDD or contrary to the terms of this Agreement.

15.7 Developer's Responsibility for the Choice of Hoots Wings Restaurant Site. Developer acknowledges that it must have sole and complete responsibility for the choice of sites at which the Franchised Businesses will be operated; that we have not (and shall not be deemed to have), even by our acceptance of the sites that are part of the Development Area or that will become the locations at which the Franchised Businesses will be operated) given any representation, promise, or guarantee of Developer's success at the locations; and Developer must be solely responsible for its own success with the Franchised Businesses.

15.8 Success of Developer. Developer acknowledges that the success of the business venture contemplated under this Agreement is speculative and depends, to a large extent, upon Developer's ability as an independent businessperson, his/fer active participation in the daily affairs of the business, market conditions, area competition, availability of product, quality of service provided as well as other factors. We do not make any representation or warranty express or implied as to the potential success of the business venture contemplated hereby.

[Signatures on Next Page]

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Agreement in duplicate on the day and year first above written.

HOOTS FRANCHISING, LLC	**[DEVELOPER]**
By:_____	By: _____
Name:	Name:
Title:	Title:

HOOTS FRANCHISING, LLC
AREA DEVELOPMENT AGREEMENT

SCHEDULE A
KEY INFORMATION

KEY INFORMATION

1. **Effective Date**. The Effective Date is _____.

2. **Developer**. The Developer's name is _____. Developer is a [state] _____ [type of entity] _____.

3. **Development Area**. The Franchised Businesses to be developed under this Development Agreement must be located within the following boundaries:

_____

_____

_____

_____

A map is attached hereto as Exhibit 1.

4. **Development Schedule**. Recognizing that time is of the essence, Developer agrees to satisfy the development schedule set forth below:

Franchise Unit #	Portion of Development Fee to be applied to Initial Franchise Fee	Site Acquisition and Franchise Agreement Signing Deadline	Required Opening Date for Franchised Business
1			
2			
3			
4			
5			

The Parties agree that any applicable terms of the Franchise Agreements shall be amended in order to conform to the Development Schedule above. Strict compliance with the Development Schedule is the essence of this Agreement.

5. Total Development Fee due: $_____

The Development Fee shall be $30,000 per Franchised Business.

6. **Franchise Fee**: The Initial Franchise Fee shall be $30,000 per Franchised Business. $30,000 of the total Development Fee will be credited toward the Initial Franchise Fee for the first Franchised Business. $15,000 of the total Development Fee shall be credited towards the Initial Franchise Fee for the remaining Franchised Businesses to be developed under this Agreement. The remaining Initial Franchise Fee for each remaining Franchised Businesses to be developed under this Agreement shall become due on the Site Acquisition Deadline.

7. **Pre-Existing Sites**: are (if applicable): _____

8. **Excluded Existing Business**: are (if applicable): _____

EXHIBIT 1
to SCHEDULE A

[map]

HOOTS FRANCHISING, LLC
AREA DEVELOPMENT AGREEMENT

SCHEDULE B
HOOTS FRANCHISE AGREEMENT

HOOTS FRANCHISING, LLC
DEVELOPMENT AGREEMENT

SCHEDULE C
LIST OF YOUR OWNERS

The full legal name and address of each of your Owners (as that term is defined in the Development Agreement), and the percentage of equity in you each such Owner owns or holds, are as follows:

_____
Printed Name

Street Address:

Pct. Of Equity Owned or Held: ___

Developer hereby certifies that the information set forth on this List is true and correct.

DEVELOPER:

[insert]

By: _____

Name:

Title:

HOOTS FRANCHISING, LLC
DEVELOPMENT AGREEMENT

SCHEDULE D
OWNERS GUARANTY

PRINCIPAL OWNER GUARANTY

This Principal Owner Guaranty (this "**Guaranty**") must be signed by the principal owners (referred to as "**you**" for purposes of this Guaranty only) of _____ (the "**Business Entity**") under the Development Agreement effective as of _____ (the "**Agreement**") between the Business Entity and Hoots Franchising, LLC ("**us**," "**our**" or "**we**").

1. **Scope of Guaranty**. In consideration of and as an inducement to our signing and delivering the Agreement, each of you signing this Guaranty personally and unconditionally: (a) guarantee to us and our successors and assigns that your Business Entity will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agree to be individually bound by each and every provision in the Agreement, including but not limited to the restrictive covenants regarding confidentiality and non-competition in Section 6 of the Agreement; and (c) agree to be personally liable for the breach of, each and every provision in the Agreement.

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

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

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

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

Each of you now sign and deliver this Guaranty effective as of the date of the Agreement regardless of the actual date of signature.

PERCENTAGE OF OWNERSHIP INTEREST IN BUSINESS ENTITY	GUARANTORS
_____	_____ Name: _____
_____	_____ Name: _____
_____	_____ Name: _____
_____	_____ Name: _____

HOOTS FRANCHISING, LLC

DEVELOPMENT AGREEMENT

SCHEDULE E
STATE SPECIFIC AMENDMENT (if applicable)

ADDENDUM TO HOOTS FRANCHISING, LLC
CALIFORNIA DEVELOPMENT AGREEMENT

The Development Agreement between HOOTS FRANCHISING, LLC ("Franchisor") and _____ ("Developer") dated _____ (the "Agreement") will be amended by the addition of the following language, which will be considered an integral part of the Agreement (the "State Addendum").

In recognition of the requirements of the California Franchise Investment Law §§ 31000 through 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 through 20043, the Development Agreement, for franchises offered and sold in the State of California or to California residents, is amended to include the following:

1. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship will be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely on any statement made or information provided by any franchisor, broker or other person acting on the franchisor's behalf that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document signed in connection with the franchise.

2. No statement, questionnaire, or acknowledgment 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. Each provision of this State Addendum is effective only to the extent that the jurisdictional requirements of the California Business and Professions Code, with respect to each provision, are met independent of this State Addendum. This State Addendum has no force or effect if these jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Developer on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

HOOTS FRANCHISING, LLC	DEVELOPER
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

ADDENDUM TO THE HOOTS FRANCHISING, LLC
ILLINOIS DEVELOPMENT AGREEMENT

The Development Agreement between HOOTS FRANCHISING, LLC ("Franchisor") and _____ ("Developer") dated _____ (the "Agreement") will be amended by the addition of the following language, which will be considered an integral part of the Agreement (the "State Addendum").

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, Ill. Comp. Stat. §§ 705/1 through 705/44, the Development Agreement, for franchises offered and sold in the State of Illinois or to Illinois residents, is amended to include the following:

1. **Term**. Section 4 of the Agreement is amended to include the following:

Your rights on Termination and Non-Renewal are stated in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

2. **Default and Termination**. Section 7 of the Agreement is amended to include the following:

Your rights on Termination and Non-Renewal are stated in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

3. **Governing Law**. Section 14.2 of the Agreement is amended in its entirety to read as follows:

EXCEPT TO THE EXTENT THIS AGREEMENT OR ANY PARTICULAR DISPUTE IS GOVERNED BY THE U.S. TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §1051 AND THE SECTIONS FOLLOWING IT) OR OTHER FEDERAL LAW OR THE ILLINOIS LAW, THIS AGREEMENT AND THE FRANCHISE ARE GOVERNED BY GEORGIA LAW. References to any law or regulation also refer to any successor laws or regulations and any impending regulations for any statute, as in effect at the relevant time. References to a governmental agency also refer to any successor regulatory body that succeeds to the function of such agency.

Illinois law governs the Development Agreement(s).

4. **Consent to Personal Jurisdiction, Forum Selection, Consent to Service of Process, and Waivers**. Section 14.3 of the Agreement is amended to include the following:

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a Development Agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a Development Agreement may provide for arbitration to take place outside of Illinois.

To comply with Section 27 of the Act, all claims and actions arising out of or relating to this Agreement, the relationship between you and us or your operation of the Franchise brought by you against us must be commenced within three 3 years from the occurrence of the facts giving rise to the claim or action, within 1 year after you become aware of the facts or circumstances indicating you may have a claim for relief, or 90 days after delivery to you of a written notice disclosing the violation, or the claim or action will be barred.

5. Any releases that we request you to sign must conform with Section 41 of the Act.

6. No statement, questionnaire, or acknowledgment 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.

7. 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.

HOOTS FRANCHISING, LLC	DEVELOPER
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

ADDENDUM TO THE HOOTS FRANCHISING, LLC
INDIANA DEVELOPMENT AGREEMENT

The Development Agreement between HOOTS FRANCHISING, LLC ("Franchisor") and _____ ("Developer") dated _____ (the "Agreement") will be amended by the addition of the following language, which will be considered an integral part of the Agreement (the "State Addendum").

In recognition of the requirements of the Indiana Deceptive Franchise Practices Law, Indiana Code §§ 23-2-2.7-1 through 23-2-2.7-10, and the Indiana Franchise Disclosure Law, Indiana Code §§ 23-2-2-2.5-1 through 23-2-2-2.5-51, the Development Agreement, for franchises offered and sold in the State of Indiana or to Indiana residents, is amended to include the following:

1. Under Indiana Code 23-2-2.7-1(10), jurisdiction and venue must be in Indiana if the franchisee so requests. This amends Section 25 of the Development Agreement.

2. Under Indiana Code 23-2-2.7-1(10), franchisee may not agree to waive any claims or rights.

3. No statement, questionnaire, or acknowledgment 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.

HOOTS FRANCHISING, LLC	DEVELOPER
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

ADDENDUM TO THE HOOTS FRANCHISING, LLC
MARYLAND DEVELOPMENT AGREEMENT

The Development Agreement between HOOTS FRANCHISING, LLC ("Franchisor") and _____ ("Developer") dated _____ (the "Agreement") will be amended by the addition of the following language, which will be considered an integral part of the Agreement (the "State Addendum").

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§ 14-201 through 14-233, the Development Agreement, for franchises offered and sold in the State of Maryland or to Maryland residents, is amended to include the following:

1. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the development rights.

2. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

3. No statement, questionnaire, or acknowledgment 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.

HOOTS FRANCHISING, LLC	DEVELOPER
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

ADDENDUM TO THE HOOTS FRANCHISING, LLC
MINNESOTA DEVELOPMENT AGREEMENT

The Development Agreement between HOOTS FRANCHISING, LLC ("Franchisor") and _____ ("Developer") dated _____ (the "Agreement") will be amended by the addition of the following language, which will be considered an integral part of the Agreement (the "State Addendum").

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the Development Agreement, for franchises offered and sold in the State of Minnesota or to Minnesota residents, is amended to include the following:

1. Section 10.5 of the Development Agreement is amended to include the following:

   We will protect your right to use our trademark, service marks, trade names, logotypes or other commercial symbols and indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding your authorized use of the same.

2. With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5 that require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure), and 180 days' notice for non-renewal of the Development Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

3. Any release signed as a condition of transfer will not apply to any claims you may have under the Minnesota Franchise Act.

4. Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring wavier of jury trial, or requiring that you consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce 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.

5. Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability under Minnesota Statutes 80C.01 through 80C.22. The Development Agreement contains provisions requiring a general release as a condition of renewal or transfer of a franchise. This release will exclude claims arising under Minnesota Statutes 80C.01 through 80C.22. In addition, no representation or acknowledgement by you in the Development Agreement is intended to or will act as a release, assignment, novation or waiver that would relieve any person from liability under Minnesota Statutes 80C.01 through 80C.22.

6. You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rule 2860.4400J. Also, a court will determine if a bond is required.

7. Any limitations of claims sections must comply with Minnesota Statutes, Section 80.17, Subdivision 5.

8. No statement, questionnaire, or acknowledgment 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.

HOOTS FRANCHISING, LLC	DEVELOPER
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

ADDENDUM TO THE HOOTS FRANCHISING, LLC
NEW YORK DEVELOPMENT AGREEMENT

The Development Agreement between HOOTS FRANCHISING, LLC ("Franchisor") and _____ ("Developer") dated _____ (the "Agreement") will be amended by the addition of the following language, which will be considered an integral part of the Agreement (the "State Addendum").

In recognition of the requirements of the General Business Law of the State of New York, Article 33, Sections 680 through 695, the Development Agreement, for franchises offered and sold in the State of New York or to New York residents, is amended to include the following:

1. To the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

2. You may terminate the agreement on any grounds available by law.

3. Section 14.2 of the Development Agreement is amended to include the following:

   The foregoing choice of law should not be considered a waiver of any right conferred on us or you by Article 33 of the General Business Law of the State of New York.

4. No statement, questionnaire, or acknowledgment 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.

HOOTS FRANCHISING, LLC	DEVELOPER
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

ADDENDUM TO THE HOOTS FRANCHISING, LLC
NORTH DAKOTA DEVELOPMENT AGREEMENT

The Development Agreement between HOOTS FRANCHISING, LLC ("Franchisor") and _____ ("Developer") dated _____ (the "Agreement") will be amended by the addition of the following language, which will be considered an integral part of the Agreement (the "State Addendum").

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Development Agreement, for franchises offered and sold in the State of North Dakota or to North Dakota residents, is amended to include the following:

1. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

2. Except for matters coming under the North Dakota Law, litigation must be in Georgia.

3. The provisions of the Development Agreement on governing law, jurisdiction, and choice of law will not be a waiver of any right conferred on you by the North Dakota Franchise Investment Law.

4. Any general release language contained in the Development Agreement will not relieve us or any other person, directly or indirectly, from any liability imposed by the North Dakota Franchise Investment Law.

5. No statement, questionnaire, or acknowledgment 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.

HOOTS FRANCHISING, LLC	DEVELOPER
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

ADDENDUM TO THE HOOTS FRANCHISING, LLC
RHODE ISLAND DEVELOPMENT AGREEMENT

The Development Agreement between HOOTS FRANCHISING, LLC ("Franchisor") and _____ ("Developer") dated _____ (the "Agreement") will be amended by the addition of the following language, which will be considered an integral part of the Agreement (the "State Addendum").

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19- 28.1-1 through 19-28.1-34, the Development Agreement, for franchises offered and sold in the State of Rhode Island or to Rhode Island residents, is amended to include the following:

1. Any provision in the Development Agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

2. No statement, questionnaire, or acknowledgment 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.

HOOTS FRANCHISING, LLC	DEVELOPER
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

ADDENDUM TO THE HOOTS FRANCHISING, LLC
SOUTH DAKOTA DEVELOPMENT AGREEMENT

The Development Agreement between HOOTS FRANCHISING, LLC ("Franchisor") and _____ ("Developer") dated _____ (the "Agreement") will be amended by the addition of the following language, which will be considered an integral part of the Agreement (the "State Addendum").

No statement, questionnaire, or acknowledgment 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.

HOOTS FRANCHISING, LLC	DEVELOPER
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

ADDENDUM TO THE HOOTS FRANCHISING, LLC
VIRGINIA DEVELOPMENT AGREEMENT

The Development Agreement between HOOTS FRANCHISING, LLC ("Franchisor") and _____ ("Developer") dated _____ (the "Agreement") will be amended by the addition of the following language, which will be considered an integral part of the Agreement (the "State Addendum").

In recognition of the restrictions in Section 13.1-564 of the Virginia Retail Franchising Act, the Development Agreement and Area Development Agreement for Hoots Franchising, LLC for use in the Commonwealth of Virginia is amended as follows:

1. 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 ground for default or termination stated in the Development Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising At o the laws of Virginia, that provision may not be enforceable.

2. No statement, questionnaire, or acknowledgment 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.

HOOTS FRANCHISING, LLC	DEVELOPER
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

ADDENDUM TO THE HOOTS FRANCHISING, LLC
WASHINGTON DEVELOPMENT AGREEMENT

The Development Agreement between HOOTS FRANCHISING, LLC ("Franchisor") and _____ ("Developer") dated _____ (the "Agreement") will be amended by the addition of the following language, which will be considered an integral part of the Agreement (the "State Addendum").

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, the Development Agreement, for franchises offered and sold in the State of Washington, is amended to include the following:

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 us including the areas of termination and renewal of your franchise. There may also be court decisions that may supersede the Development Agreement in your relationship with us including the areas of termination and renewal of your franchise.

3. A release or waiver of rights signed by a franchisee will not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when signed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those that unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial may not be enforceable.

4. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

5. 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 in the Development Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

6. 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 in the Development Agreement or elsewhere are void and unenforceable in Washington.

7. We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. If we use the services of a franchise broker, we pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

8. No statement, questionnaire, or acknowledgment 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.

HOOTS FRANCHISING, LLC	DEVELOPER
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

EXHIBIT C

OTHER AGREEMENTS

EXHIBIT C-1

FORM OF GENERAL RELEASE

HOOTS FRANCHISING, LLC
FORM OF RELEASE
Preliminary Note

This Exhibit C contains parts of sample agreements. These parts include two types of provisions: (i) the Caption, Recitals, and Consideration Clause; and (ii) the Release.

The Caption, Recitals, and Consideration Clause are included in this Exhibit C to provide definitions and to show context. The Release (Sections 1 through 2) contains the release, together with the related provisions, described in Sections 2 and 13 of the Franchise Agreement.

Except for Sections 1 and 2, the actual agreements Franchisee would sign in connection with Sections 2 and 13 would contain additional provisions, and substantially different provisions, than the provisions set forth in this Exhibit C. Sections 1 and 2 would be modified as reasonably necessary and included in the applicable agreement.

[Name of Agreement]

THIS [NAME OF AGREEMENT] (the "**Agreement**") is made and entered into the ____ day of _____(the "**Effective Date**"), by and among Hoots Franchising, LLC, a Delaware limited liability company ("**Hoots**"); and _____, a _____with its principal business address at _____(the "**Franchisee**").

Recitals

A. Hoots, as franchisor, and Franchisee, as franchisee, are parties to that certain Hoots® franchise agreement dated _____ (such franchise agreement, together with all schedules, exhibits, addenda, attachments, and amendments to it, being referred to collectively in this Agreement as the "**Franchise Agreement**"), related to the Hoots franchise of Franchisee as described in such Franchise Agreement (the "**Franchise**").

[For Use Where Franchisee is Renewing the Franchise]

B. The Initial Term of the Franchise will expire at the end of _____ and Franchisee desires to renew the Franchise.

C. Franchisee and Owners are required to execute this Agreement in order to fulfill those certain pre-existing legal obligations of Franchisee and Owners set forth in Section 2 of the Franchise Agreement.

D. Hoots is agreeable to such renewal, subject to, conditioned on, and in reliance on, compliance by Franchisee and Owners with Section 2 of the Franchise Agreement.

E. Owners own and hold substantially all of the equity in Franchisee, derive substantial revenue from Franchisee's Restaurant, and anticipate substantial benefit from the renewal of the Franchise (entering into a Successor Franchise Agreement), and hence from this Agreement, without which Agreement Hoots would not agree to renew the Franchise.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and commitments set forth in this Agreement, and in further consideration of the Franchise Agreement, the Successor Franchise Agreement, and the mutual promises and commitments set forth therein, and in further consideration of the sum of Ten Dollars ($10.00) in-hand paid to Franchisee and each Owner, and for other good and valuable consideration, the receipt and sufficiency of all of which the parties hereby acknowledge, the parties to this Agreement hereby agree as follows:

[For Use Where Franchisee or Owner is Transferring an Interest]

A. [Franchisee] [Owner] desires to Transfer an Interest to Transferee.

B. Execution of this Agreement by Franchisee, Owners, Transferor, and Transferee is required in order to fulfill those certain pre-existing legal obligations of Franchisee, Principal Owners, Transferor, and Transferee set forth in Section 13 of the Franchise Agreement.

C. Hoots is agreeable to such Transfer, subject to, conditioned on, and in reliance on, compliance by Franchisee, Owners, Transferor, and Transferee with Section 13 of the Franchise Agreement.

D. Owners own and hold substantially all of the equity in Franchisee, derive substantial revenue from Franchisee's Restaurant, and anticipate substantial benefit from the Transfer, and hence from this Agreement, without which Agreement Hoots would not consent to such Transfer.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and commitments set forth in this Agreement, and in further consideration of the Franchise Agreement and the Transfer, and in further consideration of the sum of Ten Dollars ($10.00) in-hand paid to Franchisee, each Owner, Transferor, and Transferee, and for other good and valuable consideration, the receipt and sufficiency of all of which the parties hereby acknowledge, the parties to this Agreement hereby agree as follows:

[Release: For Use In All Situations]

1. RELEASE.

A. Franchisee, for itself and its affiliates and related entities, and for its and such affiliates and related entities' directors, officers, shareholders, owners, partners, members, employees, representatives, agents, and attorneys, together with Owners, [Transferor, and Transferee,] and further together with and for the predecessors, successors, heirs, and assigns of any and all of the foregoing (collectively, the "**Releasing Parties**"), hereby release, remise, acquit, and forever discharge Hoots and its directors, officers, shareholders, owners, partners, members, employees, representatives, agents, and attorneys, and Hoots' affiliates, parents, subsidiaries and related entities, and each and all of their directors, officers, shareholders, owners, partners, members, employees, representatives, agents, and attorneys, and the predecessors, successors, heirs, and assigns of any and all of them (collectively, the "**Parties Released**"), from and against and promise never to sue any Parties Released in connection with or for any and all obligations, debts, claims, demands, rights, actions, causes of action, loss, losses, damage, damages, expenses, costs, liability, and liabilities of any nature or kind, contingent or fixed, known or unknown, vested or contingent, suspected or unsuspected, at law or in equity or otherwise, as to law or facts or both, which the Releasing Parties now own or hold or have at any time heretofore owned or held, or may at any time own or hold against the Parties Released arising prior to and including the Effective Date of this Agreement (individually

and collectively, "**Released Claims**"). Released Parties shall have the right to seek injunctive relieve to dismiss or the prevent filing or assertion of any suit or counterclaim of any kind or nature arising out of any Released Claims filed by, or threatened by any Releasing Party.

B. [Franchisee and Owners] [Franchisee, Owners, Transferor, and Transferee], for themselves and the other Releasing Parties, hereby covenant, warrant, represent, and agree that neither they nor any of them have assigned or transferred any of the obligations, debts, claims, demands, rights, actions, causes of action, loss, losses, damage, damages, expenses, costs, liability, or liabilities described in Section 1 of this Agreement to any third party. If there is any obligation, debt, claim, demand, right, action, cause of action, loss, damage, expense, cost, or liability based on or arising out of or in connection with any such transfer or assignment or purported assignment, the party which made or purported to make such transfer or assignment agrees to indemnify and hold Hoots harmless against such obligation, debt, claim, demand, right, action, cause of action, loss, damage, expense, cost, or liability, including reasonable attorneys' fees and costs incurred in connection therewith.

C. [Franchisee and Owners] [Franchisee, Owners, Transferor, and Transferee] hereby acknowledge and agree that: (i) [Franchisee, Owners] [Franchisee, Owners, Transferor, Transferee], and the other Releasing Parties may discover facts different from or in addition to those they now know or believe to be true with respect to, or that there may be a mistake of fact with respect to, the obligations, debts, claims, demands, rights, actions, causes of action, loss, losses, damage, damages, expenses, costs, liability, and liabilities of any nature whatsoever, and the other matters, that are the subject of the Release set forth in Section 1 of this Agreement; (ii) [Franchisee, Owners] [Franchisee, Owners, Transferor, Transferee], and such other Releasing Parties hereby expressly assume the risk of the existence of additional facts, different facts, or mistake of fact; and (iii) this Agreement shall be and remain in full force and effect regardless of such additional facts, different facts, or mistake of fact.

D. Waiver Under Section 1542. Franchisee waives all rights he or she may have under section 1542 of the California Civil Code. Section 1542 provides as follows:

> *A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.*

Being fully informed of this provision of the Civil Code, Franchisee waives any rights under that section, and acknowledges that this Agreement extends to all Claims Franchisee has or might have against Franchisor, whether known or unknown.

E. The release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder, except as otherwise permitted under RCW 19.100.220.

2. GENERAL TERMS.

A. [Franchisee and Owners] [Franchisee, Owners, Transferor, and Transferee], for themselves and the other Releasing Parties, hereby acknowledge and agree that: (i) [Franchisee and Owners] [Franchisee, Owners, Transferor, and Transferee] have freely and voluntarily entered into this Agreement, including without limitation the Release, set forth in Section 1 of this Agreement; (ii) [Franchisee and Owners] [Franchisee, Owners, Transferor, and Transferee]

have had a full and fair opportunity to consult with their legal counsel with respect to this Agreement, including without limitation such Release, and that they have in fact done so or have knowingly, intelligently, and voluntarily elected not to do so; and (iii) they have read and fully understand this Agreement.

B. [Franchisee and Owners] [Franchisee, Owners, Transferor, and Transferee] covenant, warrant, represent, and agree that they have the authority to bind themselves and the other Releasing Parties to this Agreement. [Franchisee and Owners] [Franchisee, Owners, Transferor, and Transferee] acknowledge and agree that Hoots is reasonably relying on [Franchisee's and Owners'] [Franchisee's, Owners' Transferor's, and Transferee's covenants, warranties, representations, and agreements set forth in this Section 2(B) to Hoots detriment.

C. The Parties Released are first-party direct beneficiaries or intended third- party beneficiaries of this Agreement, are entitled to enforce such sections, and are entitled to all the benefits of this Agreement.

D. [Franchisee and Owners] [Franchisee, Owners, Transferor, and Transferee] hereby acknowledge and agree that any breach of Section 1 of this Agreement by the Releasing Parties, or any of them, will be a default of Section 14 of the [Renewal] Franchise Agreement that will permit Hoots to terminate the [Renewal] Franchise Agreement, after notice to Franchisee specifying the default, and after the expiration of the cure period set forth in Section 14 and Franchisee's failure to cure such default by the end of such cure period.

E. All matters arising out of or related to the this Agreement, including without limitation all matters arising out of or related to the making, existence, construction, enforcement, and sufficiency of performance of this Agreement, shall be determined exclusively in accordance with, and governed exclusively by, the laws of the state where Hoots' principal business office is located (applicable to agreements made and to be entirely performed within the state where Hoots' principal business office is located), which laws shall prevail in the event of any conflict of laws.

F. In the event of any dispute arising out of or related to this Agreement, including without limitation any dispute arising out of or related to the making of this Agreement, such dispute shall be resolved exclusively through litigation. The exclusive forum and venue for such litigation shall be a state or federal court in or for the county where Hoots' principal business office is located having jurisdiction over the subject matter. [Franchisee and Owners] [Franchisee, Owners, Transferor, and Transferee], for themselves and the other Releasing Parties, hereby irrevocably accept and submit to, generally and unconditionally, the exclusive jurisdiction of any state or federal court in or for the county where Hoots' principal business office is located having jurisdiction over the subject matter and hereby waive, to the extent permitted by applicable law, defenses based on jurisdiction, venue, or forum non conveniens.

G. In the event of any dispute or litigation arising out of or related to this Agreement, including without limitation any dispute or litigation arising out of or related to the making of this Agreement, Franchisee shall pay to Hoots, on demand, Hoots' costs, including without limitation Hoots' reasonable attorneys' fees and costs, and further including without limitation Hoots' reasonable attorneys' fees and costs of appeal, and further including without limitation Hoots' reasonable attorneys' fees and costs of collection, so that Hoots actually receives such amounts by the end of ten (10) days after demand therefor. In the event of any default under this Agreement, Franchisee shall pay to Hoots, on demand, Hoots' costs arising out of or related to such default, including without limitation Hoots' reasonable attorneys' fees and costs, and further

including without limitation Hoots' reasonable attorneys' fees and costs of collection, so that Hoots actually receives such amounts by the end of ten (10) days after demand therefor.

H. This Agreement may be amended only by a written agreement signed by the parties.

I. This Agreement is a complete integration that sets forth the entire agreement between the parties, fully superseding any and all prior negotiations, agreements, representations, or understandings between [Franchisee and Owners] [Franchisee, Transferor, and Transferee] on the one hand, and Hoots on the other hand, whether oral or written, arising out of or related to the matters set forth in this Agreement. [Franchisee, Owners] [Franchisee, Transferor, Transferee], and Hoots hereby expressly affirm that there are no oral or written agreements, side-deals, arrangements, or understandings between [Franchisee and Owners] [Franchisee, Owners, Transferor, and Transferee] on the one hand, and Hoots on the other hand, arising out of or related to the matters set forth in this Agreement, except as expressly set forth in this Agreement. No course of dealing, whether occurring before or after the Effective Date of this Agreement, shall operate to amend, terminate, or waive any express written provision of this Agreement.

J. In the event of any conflict between any provision of this Agreement and a provision of the [Renewal] Franchise Agreement, the provision set forth in this Agreement shall control. Except as amended by this Agreement, all provisions of the [Renewal] Franchise Agreement shall remain in full force and effect according to their terms, and the parties shall continue to be bound by the [Renewal] Franchise Agreement as modified by this Agreement.

K. Except as otherwise set forth in this Section 2(K), if any provision of this Agreement is declared invalid or unenforceable for any reason, such provision shall be modified to the minimum extent necessary to make it valid and enforceable; or if it cannot be so modified, then severed, and the remaining provisions of this Agreement shall remain in full force and effect, and the parties agree that they would have signed this Agreement as so modified. Notwithstanding the foregoing, if any provision of this Agreement shall be declared invalid or unenforceable such that the Release set forth in Section 1 of this Agreement partially, substantially, or completely fails of its essential purpose, the [renewal of the Franchise-Entering into a Successor Franchise Agreement] [transfer of the Interest] shall be voidable by Hoots. If Hoots avoids the [renewal of the Franchise-Entering into a Successor Franchise Agreement] [transfer of the Interest], such avoidance may be as of the Effective Date or as of any time thereafter, at Hoots' discretion.

L. All obligations of this Agreement that expressly or by their nature require performance after the termination or expiration of the [Successor Franchise Agreement, or that by their nature would reasonably be expected to continue in effect after termination or expiration of the [Successor] Franchise Agreement, shall continue in full force and effect after and notwithstanding the termination or expiration of the [Renewal-Entering into a Successor Franchise Agreement] Franchise Agreement, until they are satisfied in full or by their nature expire.

M. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same agreement, and shall become effective upon execution by all of the parties, but its Effective Date shall be the date first written above.

IN WITNESS WHEREOF, the parties to this Agreement, intending to be legally bound by this Agreement, have duly executed and delivered this Agreement as of the Effective Date.

Hoots:	**_____:**
Hoots FRANCHISING, LLC	_____
By: _____	
Title: _____	By: _____
	Title: _____

[Form Only: Signatures of Hoots, Franchisee, Owners, Transferor, and Transferee, as Appropriate]

EXHIBIT C-2

FORM OF SOFTWARE AND APPS AGREEMENT

[CUSTOMER LEGAL NAME]

FRANCHISEE ADOPTION AGREEMENT

This Franchisee Adoption Agreement is hereby made effective _____ between [name of franchisee] located at [address of franchisee] ("Franchisee") and NCR Corporation located at 864 Spring Street NW, Atlanta GA 30308-1007 ("NCR").

1. NCR and [name of Customer] ("Customer") have entered into a [name of master agreement] dated [date of agreement] ("Agreement"), which is incorporated by reference.

2. By execution of this Franchisee Adoption Agreement, Franchisee and NCR agree that purchases of products or services by Franchisee from NCR will be governed by the terms and conditions of the Agreement. All rights and benefits accruing to, and all duties and obligations pertaining to, Customer in the Agreement shall accrue to and bind Franchisee in the same manner and to the same extent, and Franchisee hereby affirmatively assumes all such duties and obligations.

3. Any notices to Customer required under the Agreement will be sent to the Franchisee address listed above.

AGREED TO AND ACCEPTED BY:

FRANCHISEE	**NCR CORPORATION**
By: _____	By: _____
Printed: _____	Printed: _____
Title: _____	Title: _____
Date: _____	Date: _____

EXHIBIT C-3

FORM OF THIRD-PARTY DELIVERY AGREEMENT

GRUBHUB

SEAMLESS DELIVERED DISH Dining In RESTAURANTS ON THE RUN

Fax

RESTAURANT INFORMATION

Restaurant

Restaurant Phone #

Address

City / State / Zip

Sales Tax

Email

Fax (to Receive Orders)

%

TAX INFORMATION

Corporate Entity Name

Federal Taxpayer Identification # (9 digits)

☐ same as above

Corporate Entity Address

Corporate Entity City/State/Zip

PACKAGE

Additional Processing Fee Applies on Prepaid Orders

Marketing Commision*

10 % [10]

Delivery Commision

%

*In the event that Restaurant terminates the delivery services pursuant to Section 2c, and the Marketing Commission is below the market rate, upon termination, the market rate shall apply.

CONTACT INFORMATION

Owner

Owner Phone #

Owner Email

Primary Contact

Primary Contact Phone #

Primary Contact Email

DELIVERY / PICKUP HOURS

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday

GRUBHUB HOLDINGS INC.

RESTAURANT (authorized signatory)

Signature	Signature
Print Name	Print Name
Title	Title

Agreement Dated: _____ / _____ / _____

☐ I certify that I am a duly authorized representative of Restaurant, and I have read and agree to the foregoing terms of this Restaurant Agreement.

☐ I certify that this Restaurant is properly registered and in good-standing with all applicable health and sanitation regulatory authorities.

GH Delivery Agreement Version C

1. Term. This Restaurant Delivery Agreement ("Agreement") may be cancelled by either party without cause on 3 days prior written notice to the other party.
2. Rights and Obligations of Grubhub Holdings Inc. ("GH")
   a. GH agrees to enable customers to purchase food from Restaurant via GH's proprietary ordering system/advertising service at grubhub.com and associated apps, and, at its option, at any affiliated web-based or mobile property, including without limitation, Seamless, Dining In, Restaurants on the Run, Delivered Dish, and any other affiliated delivery service provider controlled by GH (each an "Affiliate", and collectively the "System"). GH may create, maintain and operate a microsite ("MS") and obtain the URL for such MS on Restaurant's behalf, which Restaurant grants GH the right to do.
   b. GH agrees to include certain content (including without limitation menus, photographs, trademarks and logos) provided by Restaurant (the "Restaurant Content") on the System. GH owns all right, title, interest and copyright in and to the System and any content supplied by GH (including on the MS), and will have sole editorial control over the System and the Services, including the presentation of the Restaurant Content.
   c. GH will transmit orders to Restaurant for processing for pickup or delivery (the "Marketing Services") and will provide delivery services ("Delivery Services") for the Restaurant. The Marketing Services and the Delivery Services will hereafter be referred to collectively as the "Services." GH shall have the sole right to determine the delivery fee and other particulars of the Delivery Services, including the available hours and delivery area. GH may cease providing the Delivery Services at any time by notifying Restaurant. Restaurant may terminate the Delivery Services at any time on prior written notice to GH. Notwithstanding anything to the contrary herein, in the event the Delivery Services are cancelled by either party, this Agreement will continue in full force and effect except that the term "Services" shall be re-defined to exclude the Delivery Services. In such case, the Delivery Commission will be of no further force and effect and the definition of "Commissions" set forth below will mean the Marketing Commission only, and will exclude the Delivery Commission.
   d. GH EXPRESSLY DISCLAIMS ALL WARRANTIES WITH RESPECT TO THE SYSTEM, SERVICES AND MS, INCLUDING WITHOUT LIMITATION IMPLIED OR EXPRESS WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT. The Services are provided on an "as is" and "as available" basis, and GH shall not be liable to Restaurant for damages resulting from the failure of the MS, System, Services or Restaurant Content. GH's maximum liability hereunder will be the amount of Commissions earned by GH during the prior six (6) month period.
   e. GH will indemnify and hold harmless Restaurant from any claims, actions or proceedings arising out of GH's gross negligence or willful misconduct in providing the Delivery Services.
3. Rights and Obligations of Restaurant.
   a. Restaurant agrees to use its best efforts to prepare food orders placed via the System (the "Orders") in accordance with the Hours of Operations specified herein. The item pricing must be at least as favorable to the consumer as that which is available for Restaurant's standard menu or offered to any 3rd party service. Changes to Hours of Operations and menus require reasonable advance notice. Restaurant will provide notice to staff that telephone conversations related to the Services may be recorded and staff must advise caller that CSC (Card Security Code)/CVV/ CVV2 should not be transmitted over the phone.
   b. Restaurant hereby grants to GH a perpetual, royalty-free worldwide right and license to use the Restaurant Content on the System, the MS and for marketing and promotional purposes via any means now known or hereinafter developed. Restaurant owns all right, title, interest and copyright in and to the Restaurant Content, subject to the license granted to GH herein.
   c. Restaurant agrees that it will maintain the confidentiality of all non-public information that Restaurant acquires in the course of performing this Agreement, including without limitation all customer information, as well as the terms and conditions of this Agreement (the "Confidential Information"). Restaurant will not directly market to or solicit any consumer or company obtained through the System or via the Services for the purpose of soliciting that customer to order directly from Restaurant or through a 3rd party. (This excludes paper menus.)
   d. Restaurant agrees to be bound by GH's Terms of Use at https://www.grubhub.com/legal/terms-of-use/, which may be amended from time to time by GH.
   e. Restaurant represents and warrants: (i) it has the authority to enter into this Agreement, and doing so won't violate any other agreement to which it is a party; (ii) the Restaurant Content won't violate the rights of any 3rd party; (iii) it will comply with all laws, rules and regulations relating to the preparation and sale of food and drink (including alcohol), as well as any other laws applicable to its business; and (iv) it will remit to the applicable taxing authority all legally-required taxes and will file all required tax returns and forms. Restaurant will indemnify and hold GH (including its directors, employees, officers, agents and affiliates) harmless from any and all claims, actions, proceedings and damages arising out of Restaurant's activities (including any third party transactions or financing arrangement) or any breach or alleged breach of these representations and warranties.
   f. ~~Restaurant agrees that GH will be Restaurant's exclusive online and mobile food ordering platform ("Food Ordering Platform") and that Restaurant will neither contract with any other Food Ordering Platform nor otherwise consent to Restaurant's inclusion thereon~~

~~during the Term.~~

4. Payment & Fees.
   a. GH Commissions. Restaurant agrees to pay GH the Marketing Commission and Delivery Commission selected above, both on the product total (collectively, the "Commissions"). The parties acknowledge that the Delivery Commission does not apply to pickup orders. The parties further acknowledge, in the event that Restaurant ceases to use Delivery Services, the Marketing Commission shall apply to the product total and delivery fee.
   b. A minimum of one time per month, GH will transmit via check or ACH to Restaurant the "Payment Amount." Payment Amount means the "Grand Total" (including product, tax, tip, delivery, or other fees) received by GH on behalf of Restaurant for Orders in a monthly time period or such other time period as the parties may agree (the "Billing Period"), less (i) the Commissions, (ii) any delivery fee, (iii) any delivery tips; and (iv) a processing fee (inclusive of credit charges) on the Grand Total. Affiliates may deposit applicable Payment Amounts to the Restaurant separately.
   c. ONLY FOR RESTAURANTS in FL and UT on Grubhub platform (and at GH's option, on Seamless platform), Restaurant will provide the computation and GH will accurately collect and remit any sales, use, privilege, excise or other tax due in connection with the sale of food or drink (and delivery fee, if applicable) and will file all required sales tax returns and associated forms.
5. Restaurant and GH agree that all claims or disputes arising out of this agreement, shall be decided by an arbitrator through arbitration and not by a judge or jury ("Arbitration Agreement"). This Arbitration Agreement is governed by the Federal Arbitration Act ("FAA") and evidences a transaction involving commerce. The arbitration will be conducted before a single arbitrator under the Commercial Arbitration Rules of the American Arbitration Association ("AAA"), which are available at www.adr.org. The arbitrator's fees and the costs will be shared equally by the parties, unless prohibited by law. Parties are responsible for their own attorneys' fees. The arbitration proceeding shall take place in the county where the Restaurant is located unless otherwise agreed. A court of competent jurisdiction shall have the authority to enter judgment on the arbitrator's decision/award. The parties agree to bring any claim or dispute in arbitration on an individual basis only, and not as a class or collective action, and there will be no right or authority for any claim or dispute to be brought, heard or arbitrated as a class or collective action ("Class Action Waiver"). Regardless of anything herein and/or the applicable AAA Rules, the interpretation, applicability or enforceability of the Class Action Waiver may only be determined by a court and not an arbitrator. The following claims are excluded from this Arbitration Agreement: (1) claims in small claims court; (2) claims to enforce or to prevent the actual or threatened violation of a party's intellectual property rights; (3) claims for temporary relief in connection with an arbitrable controversy; and (4) claims that are non-arbitrable per the applicable federal statute.
6. With the exception of the Arbitration Agreement in Section 5, which is governed by the FAA, this Agreement shall be governed by New York law. This Agreement constitutes the entire agreement between the parties and supersedes any prior understanding (written or oral) on the subject matter hereof. GH is an independent contractor of Restaurant. This Agreement can only be modified in writing signed by both parties. In the event that any portion of this Agreement is held to be unenforceable, the remainder of the provisions shall remain in full force and effect. In the event of a breach, in addition to any remedies at law or in equity, the non-breaching party shall be entitled to obtain specific performance and immediate injunctive relief. Failure by either party to require performance or claim breach will not be construed as a waiver. Restaurant may not assign this Agreement without the prior written consent of GH, and if permission is secured, the assignor will provide GH with advance written notice so that payment can be directed appropriately. This Agreement shall be binding on the parties' permitted heirs, successors and assigns. This provision as well as the ownership, warranties, indemnity, arbitration and confidentiality provisions shall survive any expiration or termination of this Agreement.

Marketplace Addendum
to UberEATS Master Framework Agreement

This Marketplace Addendum ("Addendum") is entered into and made effective as of the date last set forth below ("Addendum Effective Date"), by and between_____("Participant" or "you") and Portier, LLC ("Portier" or "us"). This Addendum is governed by the terms and conditions of the Master Framework Letter Agreement between Portier and_____("Franchisor") with an Effective Date of_____(the "Letter"), provided that all references to "Restaurant" or "you" in the Letter shall be deemed a reference to Participant for purposes of this Addendum. This Addendum, together with the terms of the Letter, shall constitute a separate, enforceable agreement between Portier and Participant ("the Agreement"). In the event of any conflict between this Addendum and the Letter, the terms of this Addendum shall govern. Subject to the foregoing, undefined, capitalized terms in this Addendum will have the meaning set forth in the Letter.

1. **Marketplace**. This Addendum governs the general availability of your Meals via the Uber Platform ("Marketplace"). You agree to make items from your menu available via the Uber Platform during your normal business hours and as further set forth in this Addendum.

2. **Payment**.

a. Pricing. Notwithstanding Section 4(b) of the Letter, you agree that you will not make a Meal available under this Addendum at a price higher than the amount you are charging in- restaurant for similar meals. You agree that you will not make a Meal available under this Addendum at a price higher than the amount you are charging for similar meals through any comparable platform for food delivery services (including, but not limited to, GrubHub, Caviar, etc.).

b. Service Fee. In consideration for use of the Marketplace, Portier will charge you a Service Fee of___ for each Meal sold by you via the Marketplace, which is a discounted amount that we are offering you in exchange for your expediting your customers' orders via the Uber Platform. If you are paid for a Meal, you are responsible for the Service Fee even if a Delivery Partner is unable to complete the expedited provisioning services.

c. Calculation. Portier will calculate the Service Fee as follows: the Retail Price of all Meals sold by you via the Marketplace on the applicable day (excluding any sales tax collected on your behalf) multiplied by the Service Fee percentage. The Service Fee shall be net of any taxes that you are liable for. Portier will remit to you the total Retail Price collected for all Meals sold by you via the Marketplace (including any sales tax collected on your behalf) less: (a) the retained Service Fee; and (b) any refunds given to your customers (such final remitted amount being the "Meal Revenue"). The Meal Revenue will be remitted within fourteen (14) business days of the Meals being sold.

d. Activation Fee. In consideration of Portier's work to activate Restaurant on the Marketplace, you will pay to Portier a fee of $_____("Activation Fee"). You agree that Portier may deduct from the Meal Revenue the Activation Fee (or a portion thereof) prior to remitting Meal Revenue to you until you have paid the full Activation Fee.

e. Promotional Fee. In consideration of the enhanced promotion of the Restaurant on the Uber Platform as may be mutually agreed, you will pay to Portier a fee of $ 0 ("Promotional Fee").

3. **Reporting**. Portier will give you aggregate information regarding the number of Meals picked up by Delivery Partners and sold by you to your customers pursuant to this Addendum. Portier will also provide reasonable information regarding any refunds given to your customers, including the date of the transaction, the Meal ordered, the reason for the refund and any other information Portier is permitted to provide under applicable privacy laws. Participant agrees that Portier may share Participant's transactional data regarding ordered meals, including sales data with Franchisor.

4. **Restrictions**. Delivery Partners are independent contractors, and as such, they reserve the right to refuse to accept any item in their sole discretion. Orders cannot weigh (in the aggregate) more than 30 pounds. The following restricted items may not be sent via the Uber Platform: people or animals of any size, illegal items, alcohol, fragile items, dangerous items (like weapons, explosives, flammables, etc.), stolen goods, or any items that you do not have permission to send.

5. Devices

a. Restrictions. If Portier supplies a tablet or other mobile device ("Device") to you to use in connection with the availability of your Meals via the Marketplace, you agree that: (i) Device(s) may only be used for the purpose of accepting orders via the Marketplace, and (ii) Device(s) may not be transferred, loaned, sold or otherwise provided in any manner to any third party. Devices(s) shall at all times remain the property of Portier, and upon expiration or termination of the Agreement or this Addendum, or the extended absence of Restaurant from the Marketplace for longer than forty-five (45) days, you shall return all applicable Device(s) to Portier within ten (10) days.

b. Data Usage. If you receive a wireless data plan with your Device, Portier will require reimbursement of $15 per week from you for the costs associated with the wireless data plan of each applicable Device. You agree that Portier may deduct the reimbursement from the Meal Revenue prior to remittance of such Meal Revenue to you.

6. **Other Notes**. Additional terms and conditions:

Accepted and Agreed:

Sincerely,

By:_____
Name: Elizabeth Meyerdirk
Title: Authorized Signatory, Portier LLC

By:_____
Name:_____
Title: Authorized Signatory,

Date: _____

Postmates Merchant Agreement

INCORPORATION. The undersigned Merchant wishes to utilize, and Postmates Inc. ("Postmates") hereby agrees to provide access to, Postmates' mobile app and web-based on-demand platform (the "Platform") pursuant to the terms and conditions of this Postmates Merchant Agreement and Postmates' Privacy Policy (https://postmates.com/privacy), which is incorporated herein by reference, (collectively, the "Agreement"). Postmates reserves the right to update the Postmates' Privacy Policy at any time without notice to Merchant. Postmates and Merchant may be referred to individually as a "Party," and collectively as the "Parties".

INTELLECTUAL PROPERTY. During the Term of this Agreement, each Party grants to the other Party a limited, non-exclusive, non-transferable, fully paid-up and royalty-free license to use such Party's Marks for the purpose of performing its obligations under this Agreement, including without limitation in advertising and marketing materials and press releases. For the purposes of this Agreement, "Marks" shall include trademarks, trade names, service marks, copyrights, logos, slogans and other identifying symbols and indicia of the applicable Party. Use of a Party's Marks shall only be in a manner that complies in all material respects with that Party's trademark usage policies provided from time to time. Each Party's use of the other Party's Marks, and all goodwill generated thereby, will inure to the benefit of the owner of such Marks.

PAYMENT AND FEES. Postmates will remit to Merchant, no less frequently than once a week, all customer payments for item(s) purchased through the Platform, less the Postmates "Logistics Fee" as identified in Exhibit A, the "Pickup Fee" for pickup services, which shall be ten (10) percentage points less than the Logistics Fee, and $.50 for any pickup order less than $10 (as applicable) (collectively, the "Platform Fee"), and any payment processing fees associated with such remittance.

The Platform Fee is based upon the pre-tax purchase price of the ordered item(s), and consists of fees and costs attributed to, and in consideration for, the efforts expended by Postmates for, among other things, marketing Merchant's products, customer acquisition efforts, and maintenance of the Platform.

Merchant will prepare items for delivery consistent with order information provided by Postmates. Merchant will reimburse Postmates for any costs Postmates incurs (e.g., refunds and credits) for orders inconsistent with order information. Postmates will deduct any such costs from its remittances to Merchant pursuant to this Section.

MERCHANDISE PRICE AND TAXES. Merchant and Postmates will mutually agree upon the pricing of Merchant's goods on the Platform.

Merchant will provide Postmates with the sales tax rate applicable to items purchased through the Platform for any Merchant location included on the Platform. Merchant will indemnify Postmates for any sales, use, or other tax, duty or charge of any kind that is levied or imposed on the use of the Platform, excluding any tax based on Postmates' net income.

MERCHANT PROFILE. Merchant will establish a "Merchant Profile" pursuant to Exhibit A, and any accompanying attachments, all of which are incorporated herein by reference.

TABLET. Postmates may provide Merchant with a tablet to help expedite orders made through the Platform. If Merchant receives a tablet from Postmates, Merchant will not owe the Platform Fee until Merchant has activated the tablet.

If Merchant does not activate the tablet within fifteen (15) days following receipt of the tablet, Postmates

may immediately terminate this Agreement. If Merchant does not activate the tablet within thirty (30) days following receipt of tablet, Merchant shall pay to Postmates Two-Hundred and Fifty Dollars ($250). Upon termination of this Agreement, Merchant shall promptly return the tablet to Postmates at Merchant's own expense. If Merchant fails to return the tablet, the cost of the tablet will be deducted from Merchant's final payment.

If Merchant permits a third party (except an authorized employee of Merchant) to access the tablet, Postmates may immediately terminate this Agreement.

REPRESENTATIONS AND WARRANTIES. Each Party hereby represents and warrants that: (a) it has full power and authority to enter into this Agreement and perform its obligations hereunder; (b) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its origin; (c) it has not entered into, and during the Term will not enter into, any agreement that would prevent it from complying with or performing its obligations under this Agreement; (d) it will comply with all applicable laws and regulations in its performance of this Agreement; and (e) the content, media and other materials used or part of this Agreement shall not infringe or otherwise violate the intellectual property rights, rights of publicity, or other proprietary rights of any third party.

Merchant further represents and warrants that: (a) it will prepare and handle items in compliance with all applicable laws, including but not limited to food and beverage health and safety laws rules and regulations and product safety laws, rules and regulation; (b) all items sold will comply with applicable law; (c) it will remit all taxes owed to the relevant authorities; (d) all tax rate information provided to Postmates is accurate; and (e) all information provided to Postmates pursuant to this Agreement is complete, and no such information is inaccurate, misleading, or otherwise deceptive.

The above representations and warranties are true as of the Effective Date and the Parties covenant that they will continue to be true throughout the term of this Agreement.

INDEMNIFICATION. Each Party ("Indemnifying Party") shall, at its own expense, indemnify, defend and hold harmless the other Party, its subsidiaries, affiliates, officers, directors, agents, or employees ("Indemnified Party"), individually and collectively, from and against all taxes, losses, liabilities, damages, claims, suits, liabilities, costs and expenses including reasonable attorney's fees and other legal costs ("Claims"), brought against the Indemnified Party by a third party arising from or in connection with: (i) the gross negligence or willful misconduct of the Indemnifying Party, or its employees, contractors or agents in connection with the performance of this Agreement; (ii) any breach of this Agreement by the Indemnifying Party or its employees, contractors or agents; or (iii) any violation or claimed violation of a third party's rights resulting in whole or in part from use of Indemnifying Party's marks.

In addition, Merchant shall, at its own expense, indemnify, defend and hold harmless Postmates, its subsidiaries, affiliates, officers, directors, agents, or employees from and against all Claims brought against Postmates by a third party arising from or in connection with any violation or alleged violation of any rule, regulation, law, or health and safety code, applicable to Merchant's products as well as any Claims for illness or bodily injury resulting from Merchant's products delivered through the Platform.

The Indemnified Party shall provide the Indemnifying Party with: (i) prompt written notice of such Claim; (ii) control over the defense and settlement of such Claim, provided that the Indemnifying Party shall not enter into a settlement that involves a remedy other than the payment of money by the Indemnifying Party without the express written consent of the Indemnified Party; and (iii) proper and full information and assistance to settle and/or defend any such claim.

DISCLAIMER. EXCEPT AS SET FORTH HEREIN, NEITHER PARTY MAKES ANY REPRESENTATIONS AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF ANY KIND (WHETHER EXPRESS OR IMPLIED), INCLUDING MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR NON-INFRINGEMENT. MERCHANT ACKNOWLEDGES AND AGREES THAT THE

PLATFORM AND ANY TABLET PROVIDED TO MERCHANT HEREUNDER ARE PROVIDED "AS IS" AND "AS AVAILABLE". MERCHANT ACKNOWLEDGES AND AGREES THAT POSTMATES DOES NOT PROVIDE COURIER SERVICES. SERVICES PROVIDED THROUGH THE PLATFORM ARE PROVIDED BY THIRD PARTY COURIERS WHO ARE INDEPENDENT CONTRACTORS AND NOT EMPLOYEES OR AGENTS OF POSTMATES.

LIMITATION OF LIABILITY. TO THE GREATEST EXTENT PERMITTED BY APPLICABLE LAW, POSTMATES' MAXIMUM AGGREGATE LIABILITY IN CONNECTION WITH OR ARISING FROM THIS AGREEMENT SHALL NOT EXCEED ONE THOUSAND DOLLARS ($1,000), REGARDLESS OF THE LEGAL THEORY UPON WHICH SUCH LIABILITY IS BASED, WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE, AND WHETHER FOR DIRECT DAMAGES OR INDIRECT DAMAGES, INCLUDING WITHOUT LIMITATION LOSS OF PROFITS, OR SPECIAL, INIDICENTAL, CONSEQUENTIAL, COMPENSATORY OR PUNITIVE DAMAGES.

CONFIDENTIALITY. "Confidential Information" means any confidential, proprietary or other non-public information disclosed by one Party (the "Discloser") to the other Party (the "Recipient") whether disclosed verbally, in writing, in electronic form, or by inspection of tangible objects, including but not limited to any personally identifiable information such as first and last name, email address, phone number, physical address etc.

Merchant authorizes Postmates to share any Merchant Confidential Information as well as any sales or other similar metrics with Franchisor and/or any entity from whom Merchant has received authorization to conduct its business.

Merchant provides Postmates a royalty-free, fully paid-up, irrevocable limited license to use non-identifiable, aggregated sales information and order data in any manner to benefit the business, but in no instance may Postmates use Confidential Information to benefit Merchant competitors or disclose aggregated data that a reasonable person would be able to determine is sourced from Merchant.

Recipient agrees that it will only disclose the Confidential Information to its employees and agents who have a need to know such Confidential Information and who are bound by written obligations of confidentiality and will not use the Confidential Information in any way other than as necessary to perform its obligations under this Agreement. Such prohibition on disclosure of Confidential Information shall not apply to the extent disclosure is required as a matter of law, provided Recipient gives Discloser prior written notice of such obligation and reasonably assists in obtaining a protective order prior to making such disclosure. Recipient will destroy Confidential Information and certify as to such upon Discloser's request.

TERM AND TERMINATION. This Agreement shall continue until terminated by either Party in accordance with this Agreement (the "Term"). Either Party may terminate this Agreement for convenience upon thirty (30) days prior written notice, which may include email. Upon termination of this Agreement, all outstanding payments owing by Merchant to Postmates shall be due and payable within five (5) days.

INSURANCE. During the Term, each Party shall maintain Commercial General Liability and, if required by law, Worker's Compensation insurance. The Commercial General Liability insurance policy shall have limits of coverage not less than One Million Dollars ($1,000,000) per occurrence and Two Million Dollars ($2,000,000) in the aggregate. In addition, Postmates agrees to maintain Commercial Automobile Liability Insurance policy with limits of coverage not less than One Million Dollars ($1,000,000).

GENERAL. ***Relationship.*** The relationship of the parties established by this Agreement is that of independent contractors, and nothing contained in this Agreement should be deemed or construed to create a partnership, joint venture, or employer-employee relationship, or give either Party the power to act as an agent for, or direct or control the day-to-day activities of the other. Each Party will be responsible for its own costs of conducting business and performing its obligations under the Agreement.

Survival*.** Upon expiration or termination of this Agreement, those rights and obligations that by their nature are intended to survive such expiration or termination will survive. ***Assignment*.** Merchant may not assign this Agreement or any of its rights and obligations hereunder. Postmates may assign this Agreement or any of its right and obligations hereunder pursuant to a merger, acquisition, or a sale of all or substantially all of its assets. This Agreement will be binding upon and inure to the benefit of the Parties' and each of their successors and permitted assigns. ***Force Majeure*.** Nonperformance by either Party due to a force majeure event will be excused. ***Law/Venue*.** This Agreement shall be governed by the laws of the State of California, without regard to the conflicts of law provisions of any jurisdiction. The Parties expressly consent to the exclusive jurisdiction and venue of the state and federal courts located in San Francisco County, California. ***Severability. If any part of this Agreement is unenforceable, the remaining portions will remain in full force and effect. ***Entire Agreement.*** This Agreement contains the entire agreement between the parties. All prior agreements, discussions understandings and negotiations relating to the subject matter thereof are merged into this Agreement. This Agreement may be amended only by a written document executed by both Parties, which may include electronic signatures. This Agreement may be executed and delivered in counterparts, each of which will be deemed an original, but all of which taken together will constitute the same instrument. ***Waiver*.** The waiver of a breach of any provision of this Agreement will not waive any other or subsequent breach.

Agreed to and fully executed on the last Date below ("Effective Date"). Merchant

Signature: _____

Name: _____

Title: _____

Date: _____

Postmates

Signature: _____

Name: Craig Whitmer

Title: Business Development Lead

Date: _____

Exhibit A - Merchant Profile

Business Name	Hoots
Contact Email	
Business Address	
Logistics Fee	17%
Pickup Fee	5%

Partnered Locations

Location 1	
Location 1 Tax Rate	

Location 2	
Location 2 Tax Rate	

Location 3	
Location 3 Tax Rate	

Location 4	
Location 4 Tax Rate	

Location 5	
Location 5 Tax Rate	

Location 6	
Location 6 Tax Rate	

Location 7	
Location 7 Tax Rate	

Location 8	
Location 8 Tax Rate	

Location 9	
Location 9 Tax Rate	

Location 10	
Location 10 Tax Rate	

EXHIBIT C-4

FORM OF PEPSI AGREEMENT

ANNEX B – Form of Equipment Acknowledgement Agreement

This equipment acknowledgement agreement (this "**Equipment Agreement**") is between PepsiCo Sales, Inc. ("**Pepsi-Cola**"), a Delaware corporation and subsidiary of PepsiCo, Inc. ("**PepsiCo**"), with its principal place of business at 700 Anderson Hill Road, Purchase, New York 10577, on its own behalf, on behalf of the Pepsi/Lipton Tea Partnership ("**Partnership**"), and on the other hand, _____, a,____ a ____ corporation or LLC having its principal place of business at____, on its own behalf and on behalf of its affiliates and subsidiaries ("**Franchise*e***"), being an authorized franchisee of Hoots Franchising, LLC ("**Franchisor**").

WHEREAS, Pepsi-Cola is designated as the sole and exclusive authorized supplier of fountain beverage products to the entire corporate and franchised/licensed system of hoots® wings restaurants pursuant to an agreement between Pepsi-Cola and Franchisor, commencing on or about July 1, 2014, as amended (the "**Master Agreement**"); and

WHEREAS, Franchisee has been informed of the existence of the Master Agreement and the obligations on Franchisee therein, and now requests that Pepsi-Cola service, deliver and/or install fountain beverage dispensing equipment within all such hoots® wings restaurants that Franchisee owns or operates (the "**Outlets**"); and

WHEREAS, Franchisee is desirous of purchasing Pepsi-Cola's and the Partnership's corporate branded postmix products ("**Postmix Products**") from Pepsi-Cola and the Partnership for use in preparing fountain beverage products sold under the trademarks of PepsiCo and the Partnership ("**Fountain Products**") which will be the exclusive beverages of their respective types and categories advertised, sold and made available at the Outlets, subject to such exception as may be set forth in the Master Agreement.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Franchisee and Pepsi-Cola agree as follows. As used in this Equipment Agreement, capitalized terms not otherwise defined hereunder will have the respective meanings assigned thereto in the Master Agreement.

1. **Equipment**. Upon execution of this Agreement or at such time as the useful life of Franchisee's existing fountain beverage dispensing equipment in each Outlet expires, as determined by Pepsi-Cola in its sole discretion, or in the event of a new Outlet opening or early replacement as described below, Pepsi-Cola will provide each Outlet that offers fountain beverage products with mutually agreeable fountain dispensing equipment to be used exclusively for dispensing the Fountain Products ("**Fountain Equipment**"), together with a water filter and initial water filter cartridge. At all times, legal title to the Fountain Equipment will belong to Pepsi-Cola. Franchisee will cooperate with Pepsi-Cola in maintaining the Fountain Equipment in good working order throughout the Term, and Pepsi-Cola will provide service in accordance with the Service Program set forth herein. Franchisee agrees that the Fountain Products shall be the exclusive fountain beverage dispensed on the Fountain Equipment except to the extent otherwise provided in the Master Agreement. For purposes of this Agreement, the term "**Fountain Equipment**" shall include any fountain dispensing equipment provided by Pepsi-Cola under the parties' prior agreement relating to Pepsi-Cola's fountain beverages, if any.

As new equipment technology is released, Pepsi-Cola may work with the Franchisee on roll out opportunities. To the extent that future technology enhancements, equipment platforms or products to support these platforms are substantially different in scope or composition compared to existing equipment components and products, Pepsi-Cola and the Franchisee will work in good faith to negotiate the economic terms for implementation of the new technology equipment.

1.1 Remodeled Outlets:

If at any time during the Term subsequent to initial installation of any unit of Fountain Equipment (i.e., as a result of an Outlet remodeling/internal redesign/reconfiguration, redeployment/reinstallation, etc.), Franchisee requests that Pepsi-Cola disconnect/remove/relocate/reinstall Fountain Equipment in, within or between its premises and affected Outlets (each an "**Equipment Move**"), then Franchisee will notify Pepsi-Cola of such requests in writing and at least 30 days in advance of any Fountain Equipment Move(s). Franchisee will promptly reimburse Pepsi-Cola for any and all costs incurred by Pepsi-Cola in meeting Franchisee's requirements, payable within 30 days of the date of Pepsi-Cola's invoice for such Equipment Move(s).

1.2 Equipment Removal /Early Replacements:

1.2.1 Equipment Removal

If at any time Franchisee intends to permanently close any of its Outlets, or if for any other reason Franchisee requires Pepsi-Cola to remove Equipment from an Outlet, then Franchisee will notify Pepsi-Cola of such intent in writing and at least 30 days in advance of the closure of such affected Outlets or otherwise removal of Equipment ("***Equipment Removal***"). Upon notice of such Equipment Removal, Franchisee will cooperate with Pepsi-Cola and its Bottlers to provide access to such affected Outlet(s) to remove Equipment and will surrender the Equipment. As used herein, "permanently close" means cease to operate in the ordinary course of business for a period of at least 30 days without subsequently reopening and serving the Fountain Products within a period not to exceed 30 days thereafter.

1.2.2 Early Replacements

If at any time during the Term subsequent to initial installation of any unit of Equipment (i.e., as a result of an Outlet remodeling/internal redesign/reconfiguration, etc.), Franchisee requests that Pepsi-Cola replace Equipment prior to full amortization *(as reasonably determined by Pepsi-Cola, applying generally accepted accounting principles using **10** year (**7** year for Equipment provided under the parties' prior agreement, and **5** year for beverage urns, if any) straight line depreciation methodology from the date the equipment was installed)*, then Franchisee will notify Pepsi-Cola of such requests in writing and at least 30 days in advance, and Pepsi-Cola may, in its sole discretion, elect to replace affected Equipment ("***Early Replacement***"). Upon notice of such Early Replacement(s), Franchisee will cooperate with Pepsi-Cola and its Bottlers to provide access to such Outlet(s) to remove and replace Equipment and will surrender the pre-existing Equipment to be replaced.

In both Equipment Removal and Early Replacement scenarios above, Pepsi-Cola reserves the right to invoice Franchisee immediately for the current unamortized book value of such Equipment *(as reasonably determined by Pepsi-Cola, applying generally accepted accounting principles using **10** year (**7** year for Equipment provided under the parties' prior agreement, and **5** year for beverage urns, if any) straight line depreciation methodology from the date the equipment was installed) excluding* the unamortized book value of any fountain dispenser(s), or other unit(s) for which Pepsi-Cola seeks to retain title, which fountain dispenser(s) or unit(s) will be surrendered by Franchisee to Pepsi-Cola.

2. Service Program

Pepsi-Cola will cause service to be provided to the Equipment through Bottlers or such other service providers as Pepsi-Cola may designate. Each Year, Franchisee will be entitled, at no charge (labor only) and on a per Outlet basis, to a maximum of **4** service calls for Equipment, plus **2** preventative maintenance calls. Franchisee shall be charged the costs of any and all parts that may be required in connection with the operation of the Equipment.

Moreover, all service and maintenance calls in excess of those specified above will be charged to Franchisee at Pepsi- Cola's prevailing rates provided, however, that any water filter replacement cartridges will be charged to Franchisee directly by the service provider at its respective prevailing rates.

3 **Remedies**.

If the Master Agreement is terminated before its expiration date by Pepsi-Cola arising from a material default which is not timely cured pursuant to the terms and conditions of the Master Agreement, then Franchisee will immediately, to be received by Pepsi-Cola no later than 30 days following termination make a payment to Pepsi-Cola reflecting reimbursement to Pepsi-Cola for (a) the current unamortized book value of the Fountain Equipment *(as reasonably determined by Pepsi- Cola, applying generally accepted accounting principles using 10 year straight line depreciation methodology (5 year for beverage urns, if any))* which Fountain Equipment will be surrendered by Franchisee to Pepsi-Cola, *plus* (b) an amount representing the costs of removal and refurbishment of such Fountain Equipment. The specification of the foregoing remedies is not intended to restrict the right of either party to pursue other remedies or damages if the other party has breached the terms of this Agreement.

4 **Expiration**.

Surrender to Pepsi-Cola all fountain dispensers placed by Pepsi-Cola, *and* make a payment to Pepsi-Cola reflecting reimbursement to Pepsi-Cola for the current unamortized book value of non-dispenser components of Equipment and dispensers that are missing, destroyed or rendered unusable through Franchisee's gross negligence *(as reasonably determined by Pepsi-Cola, applying generally accepted accounting principles using **10** year (**7** year for Equipment provided under the parties' prior agreement, and **5** year for beverage urns, if any) straight line depreciation methodology from the date the equipment was installed)*. Upon receipt of the foregoing amount from Franchisee, Pepsi-Cola will transfer legal title to non-dispenser on-premise components to Franchisee.

5. **List of Outlets; Acquisition and Assignment**.

Attached hereto as **Schedule 1** is a true and correct list of Franchisee's Outlets in existence as of the execution of this Equipment Agreement. Franchisee agrees to promptly notify Pepsi-Cola of any changes to such list, including new Outlet openings, closures, transfers, etc. In the event that a third party acquires the Franchisee or all or a group of its respective Outlets, or if Franchisee is acquired or merges with a third party, Franchisee will, in connection with such transaction, cause the acquiring party/merged entity, in writing, to ratify Franchisee's obligations and assume all of the obligations hereunder. In the event that Franchisee does not deliver written evidence of such ratification and assumption of this Equipment Agreement by the acquiring party/merged entity (or have the acquiring party/merged entity execute a separate Equipment Agreement) within 10 days following the closing of the transaction, Pepsi-Cola may, at its option, terminate this Equipment Agreement effective immediately and Franchisee will pay to Pepsi-Cola all sums specified above under Remedies with respect to all affected Outlets. This Agreement will not be assigned without the written consent of Pepsi-Cola, which will not be unreasonably withheld.

If the foregoing correctly sets forth our understanding, please sign below to confirm our agreement.

PEPSICO SALES, INC.	_____
	(FRANCHISEE LEGAL NAME)
By:_____	By:_____
Print:_____	Print:_____
Title:_____	Title:_____
Date:_____	Date:_____
	Fed Tax Id No_____

Schedule 1 to Pepsi Agreement
List of Franchisee's Outlets

EXHIBIT C-5

FORM OF RED BULL AGREEMENT

Franchisee On-Premise Agreement

[**INSERT FRANCHISEE NAME**] ("Franchisee") has reviewed the terms and conditions of the attached On-Premise Agreement (the "Agreement") by and between Red Bull and Hooters of America, LLC ("Account"). Capitalized terms used herein sha **l** have the meaning ascribed to them in the Agreement. Franchisee hereby acknowledges the terms and conditions of the Agreement and, as a condition precedent to receiving the benefits set forth in the Agreement in accordance with the terms thereof, exp ressly a grees to enter into this Franchisee On-Premise Agreement ("Franchisee Agreement") to comply with, and be bound by, all of the agreements, terms, obligations, covenants, and duties of Account and Venues under the Agreement, including, without limitation, the terms of Section 2; provided, that:

(a) references to "Account" in the Agreement shall be interpreted to apply to Franchisee;
(b) references to "Venue" and "Venues" in the Agreement shall be interpreted to apply to Franchised Venue(s);
(c) the term of this Franchisee Agreement shall begin on the date indicated below (not the Effective Date of the Agreement) and continue through December 31, 2025;
d) Section 2(a) of the Agreement shall be amended and restated in its entirety as follows with respect to the Franchisees:

(a) Distribution. Account shall maintain 100% distribution of Red Bull Energy Drink, Red Bull Sugar Free and Red Bu **l** Yellow Edition **and** either (x) Red Bull Coconut Edition, (y) Red Bull Red Edition and (z) Red Bull Blue Edition (collectively with such other Energy Drinks (as defined below) that Red Bull may add from time to time, the "Products") at all Franchised Venue service points, including, without limitation, nightclubs, restaurants, lounges, catering/conference services and beverage carts (collectively, "Service Points").

e) Section 4 of the Agreement shall be amended and restated in its entirety as follows with respect to the Franchisees:

"4. Rebate Payment. Provided that (a) Franchisee is not in default of any of its obligations hereunder, (b) Franchisee and each Franchised Venue is in good standing with Red Bull's applicable Authorized Distributor, and (c) Franchisee uses at least fifty percent (50%) of the Rebate Payment (as defined below) for execution of the Marketing Benefits and other Product sales- generating activities and programs, Red Bull shall pay Franchisee a Rebate Payment on or around Payment Date (as defined below). As used in this Agreement, the following terms shall have the meanings ascribed below:

(a) "Rebate Payment" shall mean, in connection with a Case, the amount equal to the product of: (A) $4.75 *multiplied by* (B) the number of Cases purchased by the Franchised Venues from the applicable Authorized Distributor, in the aggregate, for the previous consecutive six (6) month period during the Term. On or around each Payment Date, Red Bull shall provide Franchisee with a volume report summarizing Franchisee purchase data (the "Volume Report"), which must be confirmed by Franchisee prior to the Rebate Payment. Once Franchisee confirms the Volume Report and issues an invoice in accordance with such Volume Report, Red Bull shall pay Franchisee the Rebate Payment within thirty (30) days following its receipt of an undisputed invoice.

(b) "Payment Date" shall mean June 30 and December 31.

Notwithstanding anything to the contrary herein, both parties acknowledge and agree that: (i) all of Red Bull's Marketing Benefits during the Term shall come from Franchisee's proceeds of the Rebate Payment; and (ii) at least fifty percent (50%) of the cumulative Rebate Payment shall be spent on events, projects, programs, infrastructure, brand visibility and other marketing and promotion (collectively, "Promotions") as described above in Section 2 and as otherwise mutually agreed upon in good faith by the parties."

(f) Sections 5 AND 6 of the Agreement shall be removed in their entirety and replaced with the phrase "Intentionally Omitted";

(g) Section 8 of the Agreement shall be amended and restated in its entirety as follows with respect to the Franchisees:

"8. Audit and Non-Performance. Franchise shall provide Red Bull with reasonable access to the Franchised Venue(s) in order to determine the Franchised Venue(s)' compliance with the Marketing Benefits set forth in Section 2 above. In the event that Red Bull determines, in its sole but reasonable judgment, that a Franchised Venue has failed to substantially comply with any of the Marketing Benefits (each such failure to comply, a "Non-Performance"), Red Bull shall notify Franchisee of such Non-Performance and Franchisee shall cure such Non-Performance within ten (10) days of notification. If Franchisee fails to cure such Non-Performance to Red Bull's reasonable satisfaction within the 10-day period, then Red Bull shall have the right to withhold up to the total amount of applicable Rebate Payments for the respective Franchised Venue(s), as determined by Red Bull in its sole discretion."

Franchisee further agrees that it will cooperate with Account in fulfilling Account's obligations set forth in the Agreement. Should Franchisee fail to comply with the terms of the Agreement, Red Bull shall be entitled, without limitation, to legal and equitable relief against Franchisee to the same extent and with the same force and effect as if Franchisee were a party to the Agreement and had agreed to all of the terms and conditions of the Agreement. Franchisee agrees to execute and deliver such additional documents or instruments as may be necessary or appropriate to carry out the terms of this Franchisee Agreement. Franchisee represents and warrants to Red Bull that: (i) it owns, operates and controls the Franchised Venue(s) listed in Addendum 1 attached hereto; (ii) it is duly organized and existing under the laws of its state of incorporation, is duly certified to do business in the states in which it operates, has all necessary power and legal authority to enter into and perform its obligations hereunder, and the person executing this Franchisee Agreement has the authority to bind Franchisee to this Franchisee Agreement and that authority has not been modified, limited or revoked; and (iii) it is not party to any other written or oral agreement, obligation or commitment that conflicts with Franchisee's obligations or restricts its performance hereunder.

AGREED AND ACKNOWLEDGED:
[**INSERT FRANCHISEE NAME**]

By: _____

Name: _____

Title: _____

Date: _____

Franchised Venue(s)

[See attached.]

_____

Addendum 2

Permitted Beverages

- Pepsi
- Diet Pepsi
- Mountain Dew
- Diet Mountain Dew
- Tropicana Lemonade/Fruit Punch
- Mug Root Beer
- Mist Twist
- Dr. Pepper
- Diet Dr. Pepper
- SoBE products that do not claim Energy Benefits
- Brisk Tea/Lemonade
- Nestle Brewed Tea products that do not claim Energy Benefits
- Nestle Bottled Water products that do not claim Energy Benefits

EXHIBIT C-6

SAMPLE BYLAWS OF COLLABORATIVE PURCHASING ORGANIZATION (CPO)

[SAMPLE] BYLAWS OF THE
COLLABORATIVE PURCHASING ORGANIZATION OF
_____, LLC

ARTICLE I
Offices and Business Purpose

Section 1.1. Principal Office. The principal office of _____, LLC's Collaborative Purchasing Organization ("CPO") shall be located in shared space occupied by both _____, LLC and the CPO until altered by the Board of Directors. For the purpose of these Bylaws, the term "HOA" shall refer to, Hoots Franchising, LLC, the franchisor of the Hoots system, and their respective successors and assigns.

Section 1.2. Business. The CPO shall conduct a supply chain program for its Members in order to provide its Members with the lowest possible sustainable store delivered costs for: (i) beverages, food, packaging and supplies, smallwares, equipment, and related services ("Goods"); (ii) other direct or indirect services ("Services"); and (iii) distribution of Goods ("Distribution Services") or other categories as determined by the Board of Directors from time to time. The CPO will not create specifications or provide for product development for the Goods, Services and Distribution Services, unless otherwise approved by the Board of Directors. HOA will maintain support and have authority as to product specifications and development for Goods, Services and Distribution Services. Participation in the CPO does not replace, supersede, modify or otherwise limit the license or franchise agreements in place between HOA and its licensees or franchisees.

ARTICLE II
Members

Section 2.1. Member Eligibility. The following persons, firms or entities shall be eligible to be Members in the CPO: (a) each sole proprietor, partnership, corporation, limited liability company or other entity who is or becomes a franchisee, sublicensee, or licensee in good standing of HOA; and (b) HOA, in its role as an operator of Hooters® restaurants and Hoots restaurants.

Section 2.2. Membership Requirements. Each person, firm or entity which is eligible to be a Member in the CPO shall be a Member in the CPO when and if that person, firm or entity:

(a) executes a Membership Agreement and (b) agrees to abide by the terms and commitments set forth in these Bylaws, as amended from time to time. If the Membership Agreement of a Member is terminated for any reason, such person, firm or entity shall no longer be a Member of the CPO.

Section 2.3. Divisions of Membership into Series.

(a) Each Member of the CPO shall be entitled to one Membership share of one of the following series set forth in Column 1 below, but only if such Member owns or operates, or pursuant to Section 2.3 hereof, is deemed to own or operate, a Hooters® restaurant or a Hoots restaurant (each a "Restaurant") in one or more of the areas (each, a "Region") set forth in the corresponding line of Column 2 below, which may be adjusted by the Board of Directors from time to time.

Membership Series	Geographic Area	#Franchisees/ Licensees	Franchisees	% Restaurants
1				
2				
3				
4				
5				
6	HOA	1	HOA	60
7	At Large	1	X	X

(b) When a Member of the CPO owns, operates, or pursuant to Section 2.3 hereof, is deemed to own or operate, a Restaurant in more than one Region, the Series Membership share to be issued to the Member shall be designated by the Board of Directors, taking into account any desire of the Member, the number of Restaurants located in each Region, and the objective of keeping the number of Members in each Region as even as practicable.

(c) no Member or individual person can serve in more than one Director role at any given time.

Section 2.4. Purchase Commitments. Members shall acquire virtually all of their Goods, Services and Distribution Services for use in the Member's Restaurant(s) located in the United States through the supply chain programs of the CPO. "Virtually all" with respect to Goods, Services and Distribution Services means all Goods, Services and Distribution Services except the following:

(a) Where the CPO agrees in advance in writing that the Member need not purchase the particular item or category of Goods, Services or Distribution Services through the supply chain programs of the CPO; or

(b) Where the Member has a specific purchase or distribution commitment which has been disclosed in detail in writing by the Member to the CPO prior to the date hereof and which the Member is unable, as a practical matter, to assign to the CPO or which is inappropriate for the CPO to assume or which cannot be terminated without penalty by the Member; provided, however, that the Member shall not renew such commitment beyond the expiration of its current term without the prior written consent of the CPO; or

(c) Where legal counsel to the Member has advised the Member that its commitments or the performance of its other duties under this Section could reasonably be expected in a material way to violate or breach any applicable material law, ordinance, rule or regulation of any governmental body or any material judgment, decree, writ, injunction, order or aware of any court, governmental authority to arbitrative panel, and the Member has given written notice to the CPO of such legal advice; or

(d) Upon the proper termination of the CPO's Membership Agreement and the Member is no longer a Member of the CPO.

Pursuant to Section 2.4 (a), (b), and (c) hereof, any Goods, Services or Distribution Services excluded from these Bylaws shall be duly recorded on Exhibit A of the relevant Membership Agreement. As the CPO agrees from time to time, exceptions may be granted when there exists proven substantial business need for such exception. Members as permitted through separate agreements with the HOA

may continue to buy items that the CPO may or may not source on behalf of its Members. This includes but is not limited to products that are seemingly the same but may have different technical recipes or otherwise different specifications.

Section 2.5. Administration Fees. By virtue of Membership in the CPO, each Member: (a) agrees that the CPO may from time to time collect from the Member a fee (an "Administration Fee") in consideration of and to fund the CPO's supply chain programs and services; and (b) authorizes the CPO to cause suppliers and distributors of Goods, Services and Distribution Services to collect one hundred percent (100%) of the Administration Fees, as authorized by the CPO's Board of Directors on behalf of the Members, from the Member for the account of the CPO. Administration Fees are collected on behalf of all Members and are contemplated to cover the administrative expenses of the CPO (or otherwise associated with the Goods, Services and/or Distribution Services for the Restaurants) and may include: reimbursement of salaries of HOA employees working on CPO matters (each a "CPO Employee") for the time that they work on CPO matters, supply chain program and travel related expenses, consumer research, product testing and related programs, technology in the form of software and hardware, and other CPO expenses as approved by the CPO's Board of Directors from time to time. The CPO shall be required to manage expenses and revenues generated by the Administration Fees in such a way as not to produce a profit for the CPO. The Board of Directors desires the CPO Employees to engage in work to identify and screen vendors unique to the Hoots restaurants, and enter into contracts with such vendors for Goods, Services and/or Distribution Services (collectively, the "Hoots Start-up Work"); provided, however, that during the 9-month period beginning July 1, 2018, the Administration Fees shall not be paid to reimburse HOA for the CPO Employees' Hoots Start-up Work.

Notwithstanding anything herein to the contrary, unless otherwise authorized by the Board of Directors, the CPO may only undertake consumer research, product testing and related programs for quality assurance or product substitution purposes of existing products. Unless otherwise authorized by the Board of Directors, the CPO may not undertake consumer research, product testing or related programs for the purpose of the development of new products, or the development of product specifications. For purpose of clarification, HOA-approved suppliers may charge such higher prices for new products (as approved by the CPO, which the CPO shall not unreasonably withhold or condition) to amortize the expenses incurred by such supplier related to research and development undertaken by such supplier at the request of HOA.

ARTICLE III
Meetings of Members of the CPO

Section 3.1. Annual Meetings. An annual meeting of CPO Members shall be held each year at such date, time and place selected by the Board of Directors.

Section 3.2. Organization. Meetings of Members shall be presided over by the Chairman of the Board, if any, or in his absence by the Vice Chairman of the Board, if any, or in his absence by a chairman designated by the Board of Directors, or in the absence of such designation by a Chairman chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his absence the Chairman of the meeting may appoint any person to act as secretary of the meeting. The Chairman of the meeting shall announce at the meeting of Members the date and time of the opening and the closing of the polls for each matter upon which the Members will vote.

ARTICLE IV
Board of Directors

Section 4.1. General. The property and affairs of the CPO shall be managed by a governing body to be known as the Board of Directors. The Board of Directors shall be composed of seven (7) voting Directors and one (1) non-voting executive Director. The voting Directors shall be comprised of: (i) one Director from each of the franchisee Membership series #1 through #5 as recorded in Section 2.3; (ii) one Director appointed by HOA (related to its operation of Restaurants); and (iii) one at large Hooters or Hoots franchisee Director appointed by a majority decision of the Board. The at large franchisee Director's Restaurant may be in any of the five franchisee Regions. The one non-voting executive Director shall be the highest level CPO Employee ("CPO Leadership"). All persons who shall be nominated and elected and shall serve for terms as herein provided.

Section 4.2. Vacancies. Except as herein provided, all vacancies on the Board of Directors shall be filled by the Board of Directors. In filling any vacancy, the Board of Directors shall seek the advice and counsel of the holder or holders of the Series share who are entitled, as a Series, to provide such advice and counsel for the Director whose position became vacant. All vacancies shall be filled as soon as practicable; however, the Board need not fill a vacancy if the holder or holders of the Series share who are entitled, as a Series, to advice and counsel for the Director whose position became vacant decline to provide the Board with advice and counsel concerning the filling of the vacancy Member. For purposes of this Article IV, the number of voting Members of the Board shall not include the number of vacancies from time to time on the Board.

Directors elected as hereinabove provided in this Section 4.2 shall serve a term that equals two (2) years with an expiration that coincides with the next annual meeting of Members, at which time the holders of the Series share who provided advice and counsel to the Board of Directors to select the Director whose position became vacant shall be entitled to again provide advice and counsel to the Board of Directors to select a successor who shall serve for the remainder, if any, of the term of the Director who shall have resigned, died or otherwise been removed from office.

Section 4.3. Classes Of Directors. Prior to the first annual meeting of Members, all voting Directors of the Company shall be divided into three classes, designated Class I, Class II, and Class III. Such classes shall be as nearly equal in number as the then total number of voting Directors permit, with the term of office of one class expiring each year. The Board of Directors shall by majority vote designate the classes of all voting Directors, within Class I, II, and III respectively.

The initial Class I Directors shall hold office for a term commencing with the Effective Date and expiring at the annual meeting of Members next ensuing and until their successors are selected and take office. The initial Class II Directors shall hold office for a term commencing with the Effective Date and expiring at the second annual meeting of Members thereafter and until their successors are selected and take office. The initial Class III Directors shall hold office for a term commencing with the Effective Date and expiring at the third annual meeting of Members thereafter and until their successors are selected and take office. The successors to the initial Class I, Class II, and Class III Directors shall each be elected for terms commencing as of the date of their election and continuing until the second annual meeting of Members thereafter and until their respective successors are duly elected and qualified.

The person elected to fill a vacancy must fulfill the eligibility requirements as determined and amended from time to time by the Board of Directors for the position of the Director whose position became vacant.

Section 4.4. Organization. Meetings of the Board of Directors shall be presided over by the Chairman of the Board, if any, or in his absence by the Vice Chairman of the Board, if any, or in his absence by a chairman chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

Section 4.5. Quorum. A majority of the voting Members of the Board of Directors shall constitute a quorum.

Section 4.6. Annual Meeting. An annual meeting of the Membership shall be conducted at a time and location determined by the Board of Directors so long as that time and place has not exceeded more than twelve calendar months from the prior annual meeting. Additionally, the CPO should have a minimum of four (4) Board of Directors meetings annually inclusive of the Annual meeting.

Section 4.7. Removal of Members of the Board of Directors. No Member can be removed from the Board of Directors during their term unless and until the Member is no longer a franchisee of HOA or ii) a Member of the CPO or iii) for cause. Cause is defined as violating the Membership Agreement, Franchise Agreement or License Agreement.

Section 4.8. Voting. The affirmative vote of a majority of all voting Members of the Board of Directors shall, except as otherwise specifically provided in these Bylaws, be the act of the Board of Directors on any matter properly submitted to the Board of Directors. Members of the Board of Directors may participate in a meeting of the Board of Directors by means of con- ference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and such participation in a meeting shall constitute presence in person at such meeting. Upon the demand of a majority of the voting Members of the Board of Directors participating in a meeting, the voting upon any question before the meeting shall be by secret ballot. The CPO Leadership shall not be entitled to vote on matters brought before the Board of Directors. In any case, any voting Director may dispute ('Disputed Director") the outcome of a vote by the Board of Directors and the proposed act will not be allowed to proceed if the Disputed Director has the affirmative vote in agreement with the stated disputed position by a duly elected or appointed Director or Directors on the Board whose individual series when combined with the Disputed Director equals fifty (50) plus one (1) percent of the CPO's Member's store sales. Should any Disputed Director's volume of store sales exceed fifty (50) plus one (1) percent, then that Director must have the affirmative vote in agreement with that Disputed Director's stated position by at least one other Director on the Board.

Section 4.9. Chairman and Vice-Chairman.

(a) The Board of Directors shall at each annual meeting elect by the affirmative vote of a majority of the entire Board of Directors a Chairman and a Vice-Chairman, each of whom shall serve until the next annual meeting of the Board of Directors and until his successor is duly elected and qualified.

(b) The duties of the Chairman shall be to preside at all meetings of the Board of Directors and Members. The Chairman shall have limited oversight of the CPO Leadership in his assigned duties as established and authorized by HOA. In the absence of the Chairman or his inability to perform, the Vice-Chairman shall assume his duties.

Section 4.10. Meetings: Chairman and Secretary. At all meetings of the Board of Directors, the Chairman, or in his absence, the Vice-Chairman, shall act as chairman of the meeting and the Secretary of the CPO shall act as secretary, except that if any one of them shall be absent, a chairman or secretary, or both, may be chosen at the meeting.

Section 4.11. Compensation and Expenses. All Members of the Board of Directors shall serve without compensation. Reasonable expenses of Members of the Board of Directors attending regular and called meetings shall be reimbursed by the CPO, provided, that such expenses are not in excess of the actual cost of traveling from and returning to the Member's home city, lodging, meals and other reasonable and necessary expenses. The CPO shall also reimburse Members of the Board of Directors and others for their reasonable expenses of attending seminars or other events at the direction of the Board of Directors.

ARTICLE V
Officers

Section 5.1. Executive Officers. Officers of the Board of Directors shall include at a minimum a Chairman, Vice Chairman, Secretary and Treasurer.

Section 5.2. Vacancies. Any vacancy in any office shall be filled by the Board of Directors.

ARTICLE VI
Committees

Section 6.1. Committees. The Board of Directors may, by resolution passed by a majority of the whole Board of Directors, designate one or more committees, each committee to consist of one or more of the Directors of the CPO. The Board of Directors may designate one or more Directors as alternate Members of any committee, who may replace any absent or disqualified Member at any meeting of the committee. In the absence or disqualification of a Member of the committee, the Member or Members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another Member of the Board of Directors to act at the meeting in place of any such absent or disqualified Member. Any such committee, to the extent permitted by law and to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the affairs of the CPO, and may authorize the seal of the CPO to be affixed to all papers which may require it. In addition, the Board of Directors may, by resolution passed by a majority of the whole Board of Directors, designate one or more ad hoc committees and may in its discretion designate Directors or individuals who are not Directors or both as Members of any ad hoc committee. Any such ad hoc committee shall report to the Board of Directors.

Section 6.2. Committee Rules. Unless the Board of Directors otherwise provides, each committee designated by the Board of Directors may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to these bylaws.

ARTICLE VII
Finance, Audit and Fiscal Year

Section 7.1. Banking. All funds and money of the CPO shall be banked, handled and disbursed, and all bills, notes, checks and like obligations, and endorsements (for deposit or collec- tion) shall be signed by such officers and other persons as HOA shall from time to time designate, who shall account therefore to the Treasurer as and when he may require. All money, funds, bills, notes, checks and other negotiable instruments coming to the CPO shall be collected and promptly deposited in the name of HOA in such depositories as the HOA shall select.

Section 7.2. Financial Review and Reporting. Quarterly reporting provided by HOA and the CPO's Treasurer on the accounts, books or otherwise financial records of the CPO shall be made available to the CPO's Board of Directors for their review. Additionally, the Board of Directors may request from time to time certain financial or other data in order to assess the overall financials of the CPO.

Section 7.3. Fiscal Year. The fiscal year of the CPO shall coincide with HOA's fiscal year.

ARTICLE VIII
Miscellaneous

Section 8.1. Interested Directors; Quorum. No contract or transaction between the CPO and one or more of its Directors or officers, or between the CPO and any other corporation, partnership, association, or other organization in which one or more of its Directors or officers are Directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the Director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if (1) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested Directors, even though the disinterested Directors be less than a quorum; or (2) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Members entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the Members; or (3) the contract or transaction is fair as to the CPO as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof, or the Members. Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

Section 8.2. Code of Conduct. The CPO shall adhere to, and cause its officers, directors, employees and agents to adhere to, the Business Code of Conduct, as it may be revised by the Board of Directors from time to time.

Section 8.3 Amendment of Bylaws. The Board of Directors shall have the power to adopt, amend or repeal from time to time the Bylaws of the CPO at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors if notice of such adoption, amendment or repeal of the Bylaws is contained in the notice of such special meeting, subject to the right of the Members to adopt, amend or repeal the Bylaws, at any regular meeting of the Members or at any special meeting of the Members if notice of such adoption, amendment or repeal of the Bylaws is contained in

the notice of such special meeting. The CPO will not amend the Bylaws in a manner adverse to HOA without HOA's prior written consent.

EXHIBIT C-7

FORM OF CPO MEMBERSHIP AGREEMENT

HOOTERS OF AMERICA, LLC COLLABORATIVE PURCHASING ORGANIZATION

BUSINESS CODE OF CONDUCT

The core mission (the "Mission") of Hooters of America, LLC's Collaborative Purchasing Organization ("CPO") is to: (a) assure that HOA (as defined below) and the franchisee members of the CPO (collectively, the "Members"), in a manner that is fair and equitable to all Members , receive the benefit of continuously available goods, services and distribution services in adequate quantities at the lowest possible sustainable delivered prices taking into consideration price, quality, service and the best interest of the Hooters concept and Hoots concept (each a "Concept"); and (b) coordinate with HOA in its ongoing development and innovation of goods, services and distribution services in support and promotion of each Concept. Hooters of America, LLC ("HOA" or "Franchisor," which reference also includes HOA Systems, LLC, HOA Franchising, LLC and the franchisor of the Hoots system – tentatively called Hoots Franchising, LLC), its affiliates, and certain of its/their franchisees or licensees are the Members of the CPO. The following are policies for conducting business for and on behalf of the CPO (this "Business Code of Conduct").

Supply Chain Programs and Directors

The appropriate employees and other professionals working (whether on a full-time or part- time basis) for the CPO (the "CPO Employees") shall conduct the supply chain programs of the CPO including, but not limited to, the negotiations for the purchase of goods, services and distribution services. The Directors shall not, directly or indirectly, interfere, participate, or seek to participate, as individual Directors in the supply chain programs or any specific supply chain or selling decisions of the CPO except for the general policy decisions and guidance provided by the Board of Directors.

Public Responsibility

The CPO will: (a) act in a manner consistent with the highest standards of business integrity within the framework of the laws and regulations of this country and elsewhere; and (b) not seek improper advantage by rendering gifts or other benefits to public officials, by making contributions to political groups or by becoming involved in political activities. The CPO will not make an illegal or improper payment to any person or entity.

The CPO believes that it is each citizen's right to decide whether or not to participate in political, community, educational and similar activities. Decisions by the CPO Employees whether to contribute time, money or resources of their own to any political or other activity are entirely personal and voluntary.

The CPO may, as appropriate, engage in legal lobbying activities on issues related to restaurants, their operations and supply chains.

Competitive Practices

To foster the continuation of free enterprise, the CPO recognizes the importance of laws which prohibit restraints of trade, predatory economic activities, and unfair or unethical business practices. The CPO will continue to comply with all such laws which are applicable to the CPO. Furthermore, this Business Code of Conduct applies to relationships with and between the CPO's Members and affiliates, as well as with its suppliers, customers and competitors.

The CPO will refrain from any practice which is designed to increase sales on any basis other than the merit and desirability of products and services.

In individual actions, the CPO Employees will:

(a) Compete vigorously and make clear to those about them that they are competing vigorously.

(b) Treat all customers, suppliers and distributors objectively, honestly and fairly.

(c) Not discuss pricing, costs, marketing, suppliers, distributors or territories with competitors or customers in contravention of applicable antitrust or other laws.

(d) Avoid any program or practice which would be characterized as unfair or deceptive and always present the CPO's service and products in an honest and forthright manner.

(e) Never make a false or deceptive statement about the business practices, financial status or reliability of a brand that competes with a Concept product.

(f) Never criticize a competitor's product without specific proof that the statements are true, or act in a manner which could be construed as designed to exclude one or more competitors or to control market prices.

(g) Make clear to all existing and potential suppliers and distributors that the CPO expects them to compete fairly and vigorously for the CPO's business and will select the CPO's suppliers and distributors strictly on their merits.

(h) Support the Franchisor's reasonable food quality and safety policies and the Franchisor's reasonable competition policies with respect to suppliers and distributors.

(i) Make clear to Members of the CPO that they are not to individually receive or benefit from any Supplier Income in connection with goods, services or distribution services purchased or used by Restaurants in the United States, except in accordance with the applicable Sections on Supplier Income in this Business Code of Conduct and the CPO Bylaws.

Conflicts of Interest

The CPO and its Members and Directors represent various interests within the restaurant system of each Concept (each a "System"), and they have important business relationships with restaurants, Members, franchisees, franchisors, distributors and suppliers. These interrelationships are open, well known and inherent in each System. The CPO shall always openly acknowledge these interrelationships.

A conflict of interest occurs when personal or family interests interfere, or appear to interfere, with the ability to make impartial, balanced and sound business decisions on behalf of the CPO. The CPO and its Members and Directors should avoid and/or disclose any situation that may create a conflict of interest.

(a) General Responsibilities of Directors and CPO Employees. In all business relationships with outside individuals, companies and organizations, and in all personal business undertakings, the CPO's Directors and CPO Employees shall:

- Act in accordance with applicable law, established CPO standards and their own good consciences;

- Protect the interests of the CPO and their own reputations against actual or potential conflicting interests of outside parties;

- With respect to CPO Employees, avoid personal or business transactions or situations in which their own interests conflict or might be construed as conflicting with those of the CPO; and

- With respect to Directors, avoid or make open and well known, personal or business transactions or situations in which their own interests conflict, or might be construed as conflicting, with those of the CPO.

(b) Specific Guidelines for CPO Employees.

- CPO Employees shall select and deal with suppliers, manufacturers, distributors, customers and other persons doing or seeking to do business with the CPO in a completely impartial manner, without favor or preference based upon any considerations other than the best interest of the CPO and its Members.

- CPO Employees shall not be currently affiliated in any way with any business which competes with the CPO. For purpose of clarification, CPO Employees are employees of HOA.

- CPO Employees shall not seek or accept, directly or indirectly, any payments, fees, services, loans or other benefits of any kind from any person or business entity that does or seeks to do business with, or is in competition with, the CPO. This does not, however, prohibit an officer or employee from receiving compensation for outside services unrelated to the CPO's business where such outside services will not affect the impartial discharge of such person's duties or obligations to the CPO, and the nature and extent of the services to be rendered and the compensation to be paid for such services have been fully disclosed to the CPO in writing and specific written approval has been given in advance by the CPO.

- CPO Employees shall not conduct business on behalf of the CPO with any relative or a business entity with which the CPO Employee or a relative is associated, unless such dealings have been fully disclosed to the CPO in writing and specific written approval has been given in advance by the CPO.

(c) Specific Guidelines for Directors. No Director of the CPO elected by the franchisee Members of the CPO may be affiliated in any way with: (i) the Franchisor other than as a franchisee or licensee of the Franchisor, or (ii) any business which competes with the CPO.

(d) Investments. The CPO's Directors, CPO Employees and members of their families, are not permitted to have any significant interest in enterprises which conduct or seek to conduct business with the CPO, or which compete with the CPO, without first obtaining a written statement of clearance from the CPO to the effect that the Director's, and/or the CPO Employee's duties will not require the Director, and/or CPO Employee to participate in or make decisions which could be influenced by the ownership of such interest. Ownership of a small amount of publicly traded stock of such enterprises is permitted.

(e) Business Gifts. None of the CPO's Directors, Members or CPO Employees is permitted to give or to receive gifts, including items of value, travel, lodging, goods, services or meals when the person giving the gift is not attending, privileges or special treatment of any kind or nature whatsoever to or from any vendors, customers, suppliers, or enterprise which conducts or seeks to conduct business with the CPO or competes with the CPO unless:

- they are of a nominal value;
- they are unsolicited;
- they are in good taste and public disclosure of the gift would not embarrass the CPO
- they are not cash or cash equivalents;
- they are consistent with accepted good business practice; and
- they are not otherwise prohibited by the CPO's organizational documents or other policy or policies.

No gifts of money or money equivalents (e.g., gift cards) should ever be accepted. This does not prohibit a Director or CPO Employee from borrowing money from a financial institution at normal customary interest rates.

(f) Entertainment. None of the CPO's Directors or CPO Employees is permitted to accept any entertainment (i.e., events attended by both the person offering and the person accepting) including but not limited to meals together, sporting events, concerts, plays or golf outings unless:

- the purpose of the entertainment is to enhance the business relationship;
- it is irregular or infrequent;
- it is unsolicited;
- it is in a setting that is appropriate for a business discussion;
- it is modest and reasonable; and
- public disclosure of the entertainment would not embarrass the CPO.

Restrictions on gifts and entertainment apply year round including holidays. Gifts or entertainment that are inappropriate should be declined. If refusing the gift would embarrass or hurt the person offering the gift, the gift may be accepted on behalf of the CPO and then must be promptly reported to the CPO.

(g) Private Use of CPO Opportunities. No Director of the CPO or CPO Employee shall privately act upon an opportunity to make a purchase or investment in which the CPO would be interested prior to notifying the CPO of the opportunity to allow the CPO time to evaluate the opportunity and determine whether to grant approval for the Director or CPO Employee to act on it privately.

(h) Doing Business With or Supervising Family and Friends. A conflict of interest can arise if the Director of the CPO or CPO Employee, or their spouse, relative or close friend has a personal stake in a company that is a CPO supplier or distributor or potential supplier or distributor, or if the Director or CPO Employee supervises a family Member. To avoid such conflicts of interest:

- No Director of the CPO or CPO Employee shall use his or her position to influence the bidding process or negotiations with suppliers or distributors of the CPO in any way. If a personal or familial relationship exists in a company that is a CPO supplier or distributor or potential supplier or distributor, or that competes with the CPO, the Director or CPO Employee must notify the CPO immediately and remove themselves from the decision-making process;

- No Director of the CPO or CPO Employee shall hire a family member into a position at the CPO where he or she has direct decision-making authority over the family member. Employment relationships between family members are discouraged even if the relationship between the family members is indirect.

(i) Indirect Interests. A conflicting interest may be indirect. A Director or CPO Employee will be considered to have an interest in a firm or transaction if any of the following have an interest:

- The immediate family of the Director or CPO Employee (spouse, children, parents, brothers and sisters) or any relative living in the home of the Director or CPO Employee;

- A close friend of the Director or CPO Employee;

- An estate or trust of which the Director, CPO Employee or a member of their family is a beneficiary or trustee; or

- An enterprise in which the Director, CPO Employee, or member of their family has an equity interest greater than 3% and such interest is traded on a recognized national securities exchange.

(j) Interpretation. In all cases, the basic test to determine whether or not a conflict of interest exists will be: whether, in fulfilling his or her business duties, the Director or CPO Employee is acting in the best interests of the CPO and to the exclusion of considerations of personal preference or personal advantage to the Director or CPO Employee or to his or her employer, business, family or friends. The fact that an interest exists does not mean necessarily that a conflict (if it exists) is significant enough to be of practical importance. The CPO is not concerned with conflicts which are immaterial. The CPO is available to assist with interpretation.

(k) Disclosure. Every Director and CPO Employee shall disclose promptly, in writing, any personal situation or transaction which is or may be in conflict with the spirit or intent of this Section. Disclosure shall be made to the Chairman and Vice Chairman, who shall determine what action on the part of the CPO, if any, should be taken and what action the Director or CPO Employee should take. If a conflict exists, and there is no failure of good faith on the part of the Director or CPO Employee, the CPO's policy will be to allow a reasonable amount of time for the Director or CPO Employee to correct the situation, in order to prevent undue hardship or loss; provided, of course, that decisions in this regard shall be within the sole discretion of the CPO's management and, ultimately, the CPO's Board of Directors, whose first concern must be the interests of the CPO. Notwithstanding anything to the contrary herein, the CPO's Board of Directors hereby acknowledges that CPO Employees are HOA's employees, and such an arrangement is not a breach of this Business Code of Conduct.

Supplier Income

Except as specifically provided in this Section, none of the CPO, HOA, the Members, nor any of their respective affiliates, Directors, officers or employees shall, directly or indirectly, receive or benefit from (nor authorize supplier, distributor or other party, directly or indirectly, to receive or benefit from) any "Supplier Income" in connection with goods, services or distribution services purchased or used by Concept restaurants operated by the Franchisor or the Members (collectively, the "Restaurants") in the United States (the "Area").

As used in this Section, "Supplier Income" means so called earned income, rebates, kick- backs, volume discounts, tier pricing, purchase commitment discounts, sales and service allowances, marketing allowances, advertising allowances, promotional allowances, label allowances, back-door income, application fees, inspection fees, quality assurance fees, mark-ups, margins, etc., and includes, without limitation, (a) fees charged suppliers and distributors in the supplier and distributor approval process, (b) fees charged suppliers and distributors for quality inspections and "hot line" inquiries and complaints, (c) license or trademark fees or rebates charged or expected as a condition of supplier or distributor approval or use, typically paid as a percentage of System wide volume, (d) higher prices permitted suppliers to amortize research and development expenses undertaken by suppliers at the request of the Franchisor or otherwise, (e) higher prices permitted suppliers to amortize the cost of excess inventory, (f) higher prices permitted suppliers to amortize the cost of product changes, (g) special or atypical payment terms, (h) payments and allowances to distributors from suppliers based on distributor volume which are not reflected as a reduction in distributor cost or prices, (i) meetings and other sponsorship fees, and (j) special favors, gifts and entertainment.

However, the CPO, the Franchisor, the Members and any of their respective affiliates, Directors, officers or employees may, directly or indirectly, receive or benefit from "Approved Supplier Income" in connection with goods, , services or distribution services purchased or used by Restaurants in the Area. As used herein “Approved Supplier Income” means:

(a) Marketing or promotional allowances which are distributed or administered by the CPO for the benefit of Members pro rata based on the volume of the Restaurants purchases;

(b) Discounts, rebates or allowances which directly lower Outlet delivered prices pro rata among Restaurants based on the volume of the Restaurants purchases;

(c) Higher prices “approved by the CPO” for goods or services permitted or charged by suppliers to amortize supplier expenses related to research and development of goods;

(d) Reasonable and customary gifts and entertainment permissible under the CPO’s Business Code of Conduct and the Franchisor’s Code of Conduct as in effect from time to time;

(e) Supplier Income expressly “approved by the CPO” such as higher prices permitted to amortize the cost of excess inventory;

(f) Increase in the price of goods, or services negotiated or to be negotiated by the CPO that allows a supplier to amortize the cost of graphic and other product changes incurred directly as a result of a change in the applicable Franchisor specification that increase the supplier’s actual labor, material or tooling costs associated with the goods, or services;

(g) Benefits to the Franchisor such as product development ideas or consumer research provided by suppliers and distributors in the ordinary course of business that do not impact: (i) the cost or other terms for the sale of goods, , services or the provision of distribution services; or (ii) the basis upon which suppliers, proposed suppliers or distributors are willing to conduct business with the CPO;

(h) Reasonable fees that do not exceed the actual cost charged by the Franchisor, in accordance with published schedules previously "approved by the CPO," which approval will not be unreasonably withheld or conditioned, to suppliers, proposed suppliers and distributors, in connection with the Franchisor's approval/disapproval policy, or in connection with the Franchisor administered quality inspection and assurance programs;

(i) Reasonable fees charged suppliers and distributors by independent third party quality inspection or assurance companies, consistent with industry practices in the ordinary course of business, as part of the Franchisor's approval/disapproval policy or in connection with the Franchisor quality inspection and assurance requirements;

(j) Supplier Income or other benefits solicited from suppliers or distributors by the Franchisor and the CPO to participate in or sponsor franchisee conventions which income or benefits are: (i) consistent with industry practices in the ordinary course of business: and (ii) approved by the CPO's Board of Directors;

(k) Supplier Income or other benefits solicited from suppliers or distributors by the Franchisor and the CPO to participate in or sponsor the "Memorial Cup Golf Tournament" or other similar charitable events which income or benefits are: (i) consistent with industry practices in the ordinary course of business: and (ii) approved by the CPO's Board of Directors;

(l) Supplier Income or other benefits solicited from suppliers or distributors on behalf of the Member or Franchisor by the CPO to participate in or sponsor local charity events or otherwise donations not to exceed two thousand five hundred dollars ($2500.00) per supplier or distributor per franchisee or licensee with an annual aggregate cap of $10,000 per supplier or distributor; and

(m) Notwithstanding anything else herein, other Supplier Income expressly "approved by the CPO".

As used herein, "approved by the CPO" means approved by action of the CPO's Board of Directors and communicated to the Franchisor in writing.

Nothing in this Business Code of Conduct shall be construed to limit or prohibit: (i) the right or ability of the CPO to receive or benefit from any Supplier Income or Approved Supplier Income; provided that the CPO shall share such Supplier Income or Approved Supplier Income, or the benefit thereof, pro rata among each applicable Member Operator (including the Franchisor) based on the dollar volume of the purchases of such Restaurants that gave rise to the receipt or benefit of such Supplier Income or Approved Supplier Income; or (ii) the Franchisor's ability to collect Supplier Income or other benefits solicited by and provided to the Franchisor by suppliers and/or distributors when the Supplier Income or other benefits are totally unrelated to and not in consideration of the supply or provision of goods, services or distribution services to Restaurants.

If the Franchisor or the CPO receive or benefit from any Supplier Income, then the Franchisor or the CPO will disclose such Supplier Income to the other party within forty-five (45) days of the receipt or benefit. Such disclosure will include the amount, source and reasons for accepting the Supplier Income.

Accounts And Record Keeping

The CPO will observe the most stringent standards in the keeping and maintaining of its records and accounts. The CPO's books shall reflect all components of transactions, as well as its own standard of insisting upon honest and forthright presentation of the facts.

It is the responsibility of each officer and employee to uphold these standards. Appropriate records must be kept of all transactions. Directors, officer and employees are expected to cooperate fully with the CPO's internal and external auditors. Information must not be falsified, misleading or concealed under any circumstances.

Corporate Communications

The CPO will provide frank and complete responses to all requests for information, unless those requests are for information which is proprietary or confidential or which would compromise the CPO's standing in the marketplace or its legal position. This includes continuation of effective communication with the news media and others involved or interested in business and finance. All requests for information from the news media and all releases of information to the news media shall be cleared through the CPO Leadership. Unless you are the designated, authorized spokesperson, you should not answer any questions, whether asked directly or through another person. All questions should be referred to the CPO Leadership or to the designated spokesperson.

Confidential Information

Directors, CPO Employees are prohibited from releasing to any party, other than to whom the CPO intends the information be communicated, any information whatsoever about the CPO which is of a proprietary or confidential nature, or which could be deemed to constitute a "trade secret." The duty to keep the CPO's information private does not end when the Director's, officer's or employee's employment ends; it cannot be shared with a new employer. Directors, CPO Employees shall not use, in any manner whatsoever, information which is confidential, proprietary or privileged, whether for their personal benefit or gain or for that of any other person, other than the CPO. Any information which has not been disclosed publicly in writing shall be treated as confidential. Directors, CPO Employees of the CPO shall take every reasonable measure to keep information confidential which is proprietary or confidential information of or concerning each Concept and their Members including, but not limited to, franchisees, customers, suppliers, distributors, or employees, or each System. Directors, CPO Employees will keep all personnel related information confidential. Directors, CPO Employees will remain familiar and comply with the CPO's policy regarding the retention and use of Concept Member information. Each Member of the Board of Directors of the CPO and each officer and employee will enter into a confidentiality agreement in the form and substance prescribed by the CPO's Board of Directors.

No Rights Created

This Business Code of Conduct is a statement of certain fundamental principles, policies and procedures that govern the CPO's Directors and CPO Employees in the conduct of the CPO's business. It is not intended to and does not create any rights in any Director, officer, employee, franchisee, customer, supplier, distributor, competitor, Member, stockholder or any other person or entity.

Failure to Adhere

Failure to adhere to this Business Code of Conduct is beyond the scope of any Director's, officer's or employee's authority and may subject the Director or CPO Employee to disciplinary action, which could include removal or termination.

* * * * * * * * * *

HOOTERS OF AMERICA, LLC COLLABORATIVE PURCHASING ORGANIZATION
BUSINESS CODE OF CONDUCT
ACKNOWLEDGEMENT AND AGREEMENT

I hereby certify that: (i) I have received a copy of the Hooters of America, LLC's Collaborative Purchasing Organization ("CPO") Business Code of Conduct (the "Code"); and (ii) I have read the Code and understand its contents. Further, I hereby certify that I will abide by the Code, will not engage in any conduct prohibited by the Code and will not permit any persons under my supervision to engage in any prohibited conduct. I understand that my failure to comply with the Code not only may subject CPO and its Members to penalties but will also subject me to disciplinary measures which, for employees, may include termination of employment.

_____
Signature

_____
Printed Name

_____
Date

EXHIBIT C-8

STATEMENT OF PROSPECTIVE FRANCHISEES

STATEMENT OF PROSPECTIVE FRANCHISEES

THIS DOCUMENT WILL NOT BE SIGNED BY YOU, AND WILL NOT APPLY, IF THE OFFER OR SALE OF THE FRANCHISE IS SUBJECT TO THE STATE FRANCHISE REGISTRATION/DISCLOSURE LAWS IN THE STATES OF CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

You are preparing to enter into a franchise agreement with HOA Franchising, LLC ("HOA") for the operation of a franchised Hooters® restaurant. The purpose of this Statement is to ensure that:
(i) no statements or promises were made to you that HOA has not authorized; (ii) no statements were made to you that may be untrue, inaccurate, or misleading; (iii) you have been properly represented in this transaction; and (iv) you understand that the claims you may make related to the purchase and operation of your franchise are limited.

You must sign and date this Statement the same day you sign the Franchise Agreement and pay your initial franchise fee.

A. Contacts

You have met or spoken with certain HOA employees, and with other persons speaking on HOA behalf, with respect to the purchase of a Hooters franchise. The persons you have met or spoken with are as follows:

_____	_____
_____	_____
_____	_____
_____	_____

If you need additional space, please use the "Explanations" page at the end of this Statement.

You certify, by your signature on this Statement, that except as listed above (and on the "Explanations" page, as applicable), you have not met or spoken with any HOA employees or other persons speaking on HOA behalf with respect to the purchase of a Hooters franchise.

B. Representations

You must review each of the following representations carefully and provide an honest response to each. **If you answer "No" to any of the representations, you must explain your answer on the "Explanations" page at the end of this Statement.**

Yes	□	No	□	1.	I received a copy of Hooters Franchise Disclosure Document and each exhibit and schedule to it.
Yes	□	No	□	2.	I personally reviewed Hooters Franchise Disclosure Document and each exhibit and schedule to it.

Yes	□	No	□	3.	I gave HOA a Receipt showing that I received the Franchise Disclosure Document and the date I received it.
Yes	□	No	□	4.	I received the Franchise Disclosure Document at least 14 days before I signed any agreement with HOA or gave HOA any consideration related to the purchase of a Hooters franchise.
Yes	□	No	□	5.	I received complete copies of HOA's Franchise Agreement and all other agreements HOA required me to sign, with all blanks filled in, at least 7 business days before I signed them.
Yes	□	No	□	6.	I reviewed the Franchise Disclosure Document and all exhibits and schedules to it with my attorney, accountant, and other professional and business advisors.
Yes	□	No	□	7.	I am a skilled and experienced business professional with the level of education, knowledge, and understanding sufficient to permit me to evaluate accurately the risks of purchasing a HOA franchise and of opening and operating a Hooters® restaurant.
Yes	□	No	□	8.	I have evaluated accurately the risks of purchasing a Hooters franchise and of opening and operating a Hooters® restaurant.
Yes	□	No	□	9.	I understand that the success or failure of my Hooters franchise and restaurant will depend in large part on: (i) my skills, abilities, and efforts; (ii) the skills, abilities, and efforts of people I employ; and (iii) many factors beyond my control, like the U.S. culture, the stability of federal, state, and local governments, government policies, weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms, and the marketplace.

Yes	□	No	□	10.	I understand that HOA has the right to establish, and to grant other franchisees the right to establish, Hooters® restaurants or any other businesses using the Hooters trademarks, service marks, or other commercial symbols; the Hooters System; or any variation of the Hooters trademarks, service marks, or other commercial symbols and the Hooters System, in any location other than within my Protected Market Area as detailed in my Franchise Agreement, and other than within my Development Area (if I enter into a Multi-Unit Addendum with HOA), on any terms and conditions HOA deems appropriate.
Yes	□	No	□	11.	I understand that HOA has the right to sell products identified by the Hooters trademarks, service marks, or other commercial symbols, or any other trademarks, service marks, or commercial symbols, in any location HOA deems appropriate, through any distribution channels that HOA deems appropriate, including grocery stores, convenience stores, the Internet, and restaurants other than Hooters® restaurants, except that HOA may not do so using the Marks through restaurants similar to my restaurant within my Protected Market Area as detailed in my Franchise Agreement, and within my Development Area (if I enter into a Multi-Unit Addendum with HOA).
Yes	□	No	□	12.	I understand that the Franchise Agreement contains the entire agreement between HOA and my company concerning the Hooters franchise, and that any prior oral or written statements that are not set out in the Franchise Agreement are not binding or enforceable.

C. Acknowledgments

1. I hereby certify that no HOA employee, and no other person speaking on HOA's behalf, has made any representation, commitment, claim, or statement to me that is different from, or that is contrary to, any of the representations, commitments, claims, or statements contained in HOA Franchise Agreement and Franchise Disclosure Document.

Initials: _____, _____, _____, _____

2. I hereby certify that no HOA employee, and no other person speaking on HOA's behalf, has: (i) made any oral, written, visual, or other representation, commitment, claim, or statement, that stated or suggested any level or range of actual or potential sales, costs, income, expenses, profits, cash flow, or otherwise; or (ii) made any oral, written, visual, or other representation, commitment, claim, or statement from which any level or range of actual or potential sales, costs, income, expenses, profits, cash flow, or otherwise might be ascertained, related to a Hooters franchise, that is different from, contrary to, or not contained in, Hooters Franchise Agreement and Franchise Disclosure Document.

Initials: _____, _____, _____, _____

3. I acknowledge and agree that HOA does not make or endorse, nor does it allow any HOA employee or other person speaking on HOA's behalf to make or endorse, any oral, written, visual, or other representation, commitment, claim, or statement that states or suggests any level or range of actual or potential sales, costs, income, expenses, profits, cash flow, or otherwise with respect to a Hooters franchise, except as expressly set forth in Hooters Franchise Disclosure Document.

Initials: _____, _____, _____, _____

4. I acknowledge and agree that: (i) HOA does not permit any agreements or commitments, and does not approve any changes in the Franchise Agreement, except by means of a written Amendment signed by the parties to the Franchise Agreement; and (ii) if any representations or commitments, or any promises of changes in the Franchise Agreement or otherwise, have been made to me that are not in an Amendment signed by the parties to the Franchise Agreement, such representations, commitments, and promises are not binding or enforceable.

Initials: _____, _____, _____, _____

D. Dates

I hereby certify that the following dates are true and correct:

1. The date on which I received Hooters Franchise Disclosure Document about the purchase of a Hooters franchise was: Initials: _____

_____

2. The earliest date on which I delivered cash, check, or other consideration to HOA in connection with the purchase of a Hooters franchise was: Initials: _____

_____

I UNDERSTAND THAT MY ANSWERS ARE IMPORTANT TO HOA AND THAT HOA WILL RELY ON THEM. BY SIGNING THIS STATEMENT, I AM REPRESENTING AND AGREEING THAT I HAVE CONSIDERED EACH REPRESENTATION, ACKNOWLEDGMENT AND DATE

CAREFULLY AND HAVE RESPONDED TRUTHFULLY TO EACH AND EVERY ITEM IN THIS STATEMENT.

I understand and agree to all of the foregoing and certify that all of the responses in this Statement are true, correct, and complete.

Date: _____ _____
Date: _____ Prospective Franchisee
Date: _____
Date: _____ _____
Prospective Franchisee

_____
Prospective Franchisee

_____
Prospective Franchisee

EXPLANATIONS

If you answered "No" to any of the representations in Section B of the Statement of Prospective Franchisees, you must explain your answer on this page. You may use additional pages if necessary.

EXHIBIT D

TABLE OF CONTENTS OF MANUALS

TABLES OF CONTENTS OF CONFIDENTIAL OPERATIONS MANUALS

EXHIBIT E

LIST OF FRANCHISEES AND FORMER FRANCHISEES

EXHIBIT E-1

HOOTS WINGS RESTAURANTS OPERATING AS OF DECEMBER 25, 2022

FRANCHISE OWNER	STORE NAME	ADDRESS	CITY	STATE	ZIP	PHONE #
Hooters, Inc. [See Note 1]	St. Pete	204 1st Ave. N.	St. Petersburg	FL	33701	727-220-4607
Hooters, Inc. [See Note 1]	Carrollwood	12817 N. Dale Mabry Highway	Tampa	FL	34618	813-374-0899
Hooters, Inc.	Cicero	2201 S. Cicero	Cicero	IL	60804	708-652-3859
Hooters, Inc.	Diversey	4059 W Diversey Ave	Chicago	IL	60639	331-240-4668
Hooters, Inc.	South Loop	1238 S. Canal St.	Chicago	IL	60607	872-249-0001
Hoot Owl [See Note 1]	Jersey City	525 Washington Ave, Unit H	Jersey City	NJ	07310	551-325-6222
Albert Enterprises [See Note 1]	Little Elm	26742 E. University Dr, Suite 250	Aubrey	TX	76227	214-556-3479
Albert Enterprises [See Note 1]	Golden Triangle	5313 Golden Triangle Blvd	Fort Worth	TX	76244	682-593-7331
Albert Enterprises [See Note 1]	Bedford	4105 N. Hwy 121	Bedford	TX	76021	682-503-4578
Albert Enterprises [See Note 1]	Western Center	6600 North Freeway, #128	Fort Worth	TX	76137	817-887-9249
Albert Enterprises [See Note 1]	Trinity Mills	2810 E. Trinity Mills Rd, Suite 237	Carrollton	TX	75006	469-289-3117
Albert Enterprises [See Note 1]	Buckner Blvd	2947 S. Buckner Blvd, Suite 350	Dallas	TX	75227	972-598-0994

Note 1: Note that all hoots wings Restaurants located in Florida, New Jersey, and Texas ceased operations in 2023.

EXHIBIT E-2

HOOTS WINGS RESTAURANTS THAT LEFT THE SYSTEM DURING FISCAL YEAR 2022

NONE

See Note 1 on Exhibit E-1 for the locations that have closed in Fiscal year 2023.

EXHIBIT F

FINANCIAL STATEMENTS

GUARANTEE OF PERFORMANCE

For value received, HOA Restaurant Group, LLC, a Delaware limited liability company (the **"Guarantor"),** located at 1815 The Exchange Atlanta, GA 30339 absolutely and unconditionally guarantees to assume the duties and obligations of Hoots Franchising, LLC, located at 1815 The Exchange Atlanta, GA 30339 (the **"Franchisor"),** under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2023 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Atlanta, georgia on the 25 day of May 2023.

Guarantor:

HOOTS FRANCHISING, LLC

By: _____

Name: Salvatore Melilli

Title: Chief Executive Officer

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

HOA RESTAURANT GROUP, LLC AND SUBSIDIARIES
Unaudited Consolidated Balance Sheet
As of April 16, 2023
(Dollar amounts in thousands)

	2023	
Assets		
Current assets		
Cash and cash equivalents	$ 15,126	
Restricted cash		39,638
Receivables, net of allowance		7,230
Inventories		6,314
Prepaid expenses and other current assets		5,310
Total current assets		73,618
Property and equipment, net		82,571
Right-of-use assets, net		299,023
Trademark		153,000
Franchise rights, net		14,195
Goodwill		34,972
Other assets		2,448
Total assets	$ 659,827	
Liabilities and Member's Equity		
Current liabilities		
Accounts payable	$ 21,521	
Accrued expenses		24,386
Deferred revenue		4,380
Current portion of long-term debt		7,287
Current portion of deferred lease obligations		29,469
Current portion of lease liability		529
Total current liabilities		87,572
Long-term debt, less current portion and debt issuance costs		357,044
Deferred revenue, less current portion		3,315
Deferred lease obligations, less current portion		6,114
Lease Liability, less current portion		281,282
		-
		-
Total liabilities		735,327
Member's deficit	(75,500)	
Total liabilities and member's deficit	$ 659,827	

HOA RESTAURANT GROUP, LLC AND SUBSIDIARIES
Unaudited Consolidated Income Statement
For the Four Fiscal Periods Ended April 16, 2023
(Dollar amounts in thousands)

	2023
Revenue	
Restaurant sales, net	$ 140,478
Royalty and franchise fee revenues	6,945
Other revenues	576
Total revenues	147,999
Operating expenses	
Restaurant operating costs	
Cost of restaurant sales	35,363
Labor	39,040
Other operating costs	42,089
Selling, general, and administrative expense	13,199
National Marketing	2,184
Depreciation and amortization	6,399
Loss on disposal of assets	-
Pre-opening Expenses	3
Total operating expenses	138,277
Operating income	9,722
Interest expense, net	(7,917)
Income before provision for income taxes	1,805
Provision for income taxes	(620)
Net Income	1,185

HOA RESTAURANT GROUP, LLC AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Four Fiscal Periods Ended April 16, 2023
(Dollar amounts in thousands)

	2023
Cash flows provided by operating activities:	
Net Income	$ 1,185
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation and amortization	6,399
Amortization of right-of-use assets	8,591
Noncash share-based compensation	123
Noncash interest – amortization of debt issuance costs	881
Loss on disposal of assets	0
Bad debt expense	330
Lease liability	(9,067)
Changes in operating assets and liabilities:	(2,100)
Net cash provided by operating activities	6,342
Cash flows from investing activities:	
Purchases of property and equipment	(2,738)
Net cash used in investing activities	(2,738)
Cash flows from financing activities:	
Repayment of long-term debt and direct-financing lease obligations	(2,275)
Proceeds from Investors	9,529
Distributions	0
Other	0
Net cash used in financing activities	7,254
Net decrease in cash and cash equivalents	10,858
Cash and cash equivalents, beginning of period	43,906
Cash and cash equivalents, end of period	$ 54,764

HOA Restaurant Group, LLC and Subsidiaries

Consolidated Financial Statements
December 25, 2022 and December 26, 2021

HOA Restaurant Group, LLC and Subsidiaries
Index
December 25, 2022 and December 26, 2021

Report of Independent Auditors

To the Management of HOA Restaurant Group, LLC

Opinion

We have audited the accompanying consolidated financial statements of HOA Restaurant Group, LLC and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 25, 2022 and December 26, 2021, and the related consolidated statements of operations, of changes in members' deficit and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 25, 2022 and December 26, 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 8 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2022. Our opinion is not modified with respect to this matter.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company 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 the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated 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 the Company's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' 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 US GAAS 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 US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 the Company'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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.

PricewaterhouseCoopers LLP

Atlanta, Georgia
April 24, 2023

HOA Restaurant Group, LLC and Subsidiaries
Consolidated Balance Sheets
December 25, 2022 and December 26, 2021

(dollar amounts in thousands)	December 25, 2022	December 26, 2021
Assets		
Current assets		
Cash and cash equivalents	$ 16,659	$ 19,054
Restricted cash	27,247	20,220
Receivables, net of allowance of $1,424 and $1,336 in 2022 and 2021, respectively	6,001	9,368
Inventories	6,483	6,227
Prepaid expenses and other current assets	3,079	3,401
Total current assets	59,469	58,270
Property and equipment, net	85,896	97,504
Right-of-use assets, net	307,614	-
Trademark	153,000	153,000
Franchise rights, net	14,527	15,603
Goodwill, net	34,972	36,372
Other assets	2,232	2,051
Total assets	$ 657,710	$ 362,800
Liabilities and Members' Deficit		
Current liabilities		
Accounts payable	$ 20,044	$ 22,095
Accrued expenses	24,238	27,927
Deferred revenue	3,407	4,587
Current portion of long-term debt	7,287	2,750
Current portion of deferred lease obligations	529	1,634
Current portion of lease liability	29,469	-
Total current liabilities	84,974	58,993
Long-term debt, net of current portion and debt issuance costs	358,254	302,597
Deferred revenue, less current portion	4,506	3,073
Deferred lease obligations, less current portion	6,298	19,543
Lease liability, less current portion	290,349	-
Total liabilities	744,381	384,206
Commitments and contingencies (See Notes 8 and 10)		
Members' deficit		
Members' cumulative contributions, net	-	40,117
Accumulated deficit	(86,671)	(61,523)
Total members' deficit	(86,671)	(21,406)
Total liabilities and members' deficit	$ 657,710	$ 362,800

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

HOA Restaurant Group, LLC and Subsidiaries
Consolidated Statements of Operations
Years Ended December 25, 2022 and December 26, 2021

(dollar amounts in thousands)	December 25, 2022	December 26, 2021
Revenue		
Restaurant sales, net	$ 463,165	$ 464,802
Royalty and franchise fee revenues	22,850	19,761
Other revenues	1,964	2,059
Total revenues	487,979	486,622
Operating expenses		
Restaurant operating costs		
Cost of restaurant sales	131,138	133,456
Labor	126,562	120,866
Other operating costs	135,265	132,957
Selling, general, and administrative expense	45,855	48,497
National marketing	7,888	6,518
Depreciation and amortization	21,395	22,768
Provision for asset impairment	2,071	2,571
Loss (gain) on disposal of assets	343	(163)
Other expenses	50	15
Total operating expenses	470,567	467,485
Operating income	17,412	19,137
Nonoperating income (expense)		
PPP loan forgiveness	-	27,004
Interest expense, net	(24,625)	(9,183)
Total nonoperating (expense) income, net	(24,625)	17,821
(Loss) income before provision for income taxes	(7,213)	36,958
Provision for income taxes	(2,429)	(1,938)
Net (loss) income	$ (9,642)	$ 35,020

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

HOA Restaurant Group, LLC and Subsidiaries
Consolidated Statements of Changes in Members' Deficit
Years Ended December 25, 2022 and December 26, 2021

(dollar amounts in thousands)	Members' Cumulative Contributions, Net	Accumulated Deficit	Total
Balances at December 27, 2020	$ 63,699	$ (96,543)	$ (32,844)
Share-based compensation	2,116	-	2,116
Distributions	(75)	-	(75)
Repurchase Class A Units (See Note 12)	(25,623)	-	(25,623)
Net income	-	35,020	35,020
Balances at December 26, 2021	40,117	(61,523)	(21,406)
Share-based compensation	554	-	554
ASC 842 adoption to accumulated deficit	-	1,003	1,003
Contributions	2,945	-	2,945
Distributions	(43,616)	(16,509)	(60,125)
Net loss	-	(9,642)	(9,642)
Balances at December 25, 2022	$ -	$ (86,671)	$ (86,671)

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

HOA Restaurant Group, LLC and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 25, 2022 and December 26, 2021

(dollar amounts in thousands)	December 25, 2022	December 26, 2021
Cash flows provided by operating activities		
Net (loss) or income	$ (9,642)	$ 35,020
Adjustments to reconcile net (loss) or income to net cash provided by operating activities		
Depreciation and amortization	21,395	22,768
Amortization of right-of-use asset	30,245	-
Change in fair value of derivative liability	-	(8,500)
Noncash rent expense	-	110
Noncash share-based compensation	554	2,116
Forgiveness of PPP loans	-	(27,004)
Amortization of debt issuance costs and discount on bonds	2,676	1,479
Gain (loss) on disposal of assets	343	(163)
Provision for asset impairment	2,071	2,571
Bad debt expense	667	476
Changes in operating assets and liabilities		
Receivables, net	2,700	2,966
Inventories	(256)	(601)
Prepaid expenses and other assets	141	(2,579)
Accounts payable	(2,051)	4,481
Accrued expenses	(5,503)	6,126
Deferred revenue	253	207
Deferred lease obligations	1,534	(578)
Lease liability	(29,737)	-
Net cash provided by operating activities	15,390	38,895
Cash flows from investing activities		
Purchases of property and equipment	(9,854)	(11,735)
Insurance proceeds	210	-
Proceeds from the disposal of property and equipment	28	-
Net cash used in investing activities	(9,616)	(11,735)
Cash flows from financing activities		
Repayment of financing lease obligations	(188)	(173)
Repayment of term-debt	(8,932)	(308,812)
Proceeds from new long-term debt	70,000	315,000
Payment of debt issuance costs	(4,842)	(9,554)
Repurchase Class A Units	-	(25,623)
Contributions	2,945	-
Distributions	(60,125)	(75)
Net cash provided by financing activities	(1,142)	(29,237)
Net increase (decrease) in cash, cash equivalents and restricted cash	4,632	(2,077)
Cash and cash equivalents and restricted cash		
Beginning of year	39,274	41,351
End of year	$ 43,906	$ 39,274
Supplemental disclosures of cash flow information		
Cash paid for interest	$ 19,939	$ 15,749
Cash paid for income taxes	2,163	1,709

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

(dollar amounts in thousands)

1. Nature of Business and Summary of Significant Accounting Policies

a. Description of Business

HOA Restaurant Group, LLC, together with its subsidiaries, (the Company), a Delaware limited liability company, is in the business of owning, operating, sublicensing, and franchising restaurants under the trade name “Hooters”, and “Hoots.” The Company is also involved in a variety of marketing activities to promote the Hooters and Hoots restaurant brands, including merchandise sales, and sponsorship of a wide range of events, including sporting events, beauty pageants, bike and car shows, and TV programming featuring the Hooters Girls.

On June 28, 2019, Hawk Acquisitions LLC, specifically its subsidiary, Hawk Parent, LLC (“Hawk”) and its “Merger Sub,” Hawk Merger Sub LLC, completed its merger with and into HOA Holdings, LLC (“HOA”). Hawk Acquisitions LLC was formed by Nord Bay Capital (“Nord Bay”) and its advisor TriArtisan Capital Advisors LLC (“TriArtisan”) for the purposes of the merger. Hawk Acquisitions LLC houses the governance functions of Hawk, while the equity units in the transaction are issued at Hawk. Through the transaction, Hawk obtained 75% of the voting, Class C Units.

At December 25, 2022, there were 368 Hooters restaurants, including 195 Company restaurants all of which were wholly owned and 173 franchise restaurants.

At December 26, 2021, there were 377 Hooters restaurants, including 199 Company restaurants all of which were wholly owned and 178 franchise restaurants.

b. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries and other entities over which the Company exercises control and have been prepared on the accrual basis of accounting. All intercompany balances and transactions have been eliminated in consolidation.

Accounting Standards Codification (“ASC”) 220 requires a separate statement of comprehensive income. However, as net income is the only material component of comprehensive income, the Company elected not to include a separate consolidated statement of comprehensive income because it would not be meaningful to the users of the consolidated financial statements.

c. Fiscal Year

The Company’s fiscal year is the 52- or 53-week period ending the last Sunday of the calendar year. The years ended December 25, 2022, and December 26, 2021 contained 52 weeks.

d. Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. 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 and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the valuation of goodwill, intangibles, and share-based compensation.

(dollar amounts in thousands)

e. Concentration of Risks

Although the Company attempts to maintain multiple vendors to the extent practicable, its foods and beverages are currently acquired from only a few sources, with one vendor providing food and supplies of 38% in 2022 and 35% in 2021. Although the Company believes alternative vendors could be found in a timely manner, any disruption of these services could potentially have an adverse impact on operating results.

Financial instruments that could potentially subject the Company to credit risks consist principally of trade accounts receivable. Concentrations of credit risk with respect to these receivables are limited due to the composition of the customer base, which includes a large number of customers. One customer accounted for 14% and 15% for the years ended December 25, 2022, and December 26, 2021, respectively.

f. Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Company's cash balance is held with several different U.S. financial institutions, for which the related cash balances may exceed amounts federally insured during the year. The Company has not experienced any losses in such accounts, and management believes that the Company mitigates its risk by utilizing major financial institutions.

g. Restricted Cash

Restricted cash includes deposits for principal and interest payments that are required by the Company's lenders and cash held by the Company for its national marketing advertising fund. Restricted cash is included in cash and cash equivalents in the consolidated statements of cash flows.

	December 25, 2022	December 26, 2021
Cash and cash equivalents	$ 16,659	$ 19,054
Restricted cash	27,247	20,220
Total cash and cash equivalents and restricted cash shown in consolidated statements of cash flows	$ 43,906	$ 39,274

h. Receivables

Receivables consist principally of amounts due for royalties and fees from franchise restaurants, and credit card receivables.

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. Amounts collected on trade accounts receivable are included in net cash provided by operating activities in the consolidated statements of cash flows. The Company maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions as well as the franchisees' financial condition, the amount of receivables in dispute, and the current receivables aging and

payment patterns. Past-due balances over a specified amount are reviewed individually for collectability. All other remaining balances are reviewed on an aggregate basis. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. For the years ended December 25, 2022, and December 26, 2021, bad debt expense was approximately $667 and $476, respectively.

i. Inventories

Inventories, consisting of foods, beverages, wearables, and collectibles, are stated at the lower of cost or net realizable value on a first-in, first-out basis.

j. Revenue Recognition

The Company recognizes revenue in accordance with ASC 606 using the following five steps:

1. Identifying the contract(s) with a customer;

2. Identifying the performance obligations in the contract;

3. Determining the transaction price;

4. Allocating the transaction price to the performance obligations in the contract; and

5. Recognizing revenue when, or as, the Company satisfies a performance obligation.

The Company only applies the five-step model when it is probable that the Company will collect the consideration it is entitled to in exchange for goods or services it transfers to the customer. The Company must utilize judgment to determine whether promised goods or services are capable of being distinct within the context of the contract. If these criteria are not met, the promised goods or services are combined with other goods or services and accounted for as a single performance obligation. Revenue is then recognized either at a point in time or over time depending on the Company's evaluation of when the customer obtains control of the promised goods or services.

The Company derives revenue from the following revenue streams: Restaurant Sales, Franchise Fees, Royalty Revenues, and Other Revenue, which includes gift card breakage, sublease income, and rebates.

Restaurant Sales Revenue

The Company owns stores of its own brand, solely operates locations, and records revenue and expense related to the operations of these owned stores. Company-owned store revenues are recognized when payment is tendered at the point of sale as the performance obligation has been satisfied. Company-owned store revenues are reported excluding sales, use, or other transaction taxes that are collected from customers and remitted to taxing authorities.

Franchise Fee Revenue

The Company grants the right for franchisees to operate a franchise store and performs several preopening, opening, and post-opening activities related to the initial fee charges for services rendered to ensure Company policies and standards are followed. The pre-opening

through post-opening activities are not distinguishable from the franchise right, which is considered symbolic intellectual property (IP) under ASC 606. Given the use of the symbolic IP over the life of the franchise term, revenue from these franchise fees is to be recognized over the term of the franchise agreement using the straight-line method. Franchise agreements generally have 10 or 20 year terms. Additionally, a separate charge is assessed by the Company related to the right for an individual to develop and operate a number of stores in a certain area, which is executed under an Area Development Agreement (ADA). Similar to the individual franchise fees, these revenues related to the development agreement are recognized over the term of the agreement once the related stores are opened. Lastly, the Company charges fees related to the renewal of an expiring franchise contract, the act of transferring the franchise to another individual, relocating or restructuring a franchise agreement, and the expiring of franchise agreements or ADAs. These fees for renewals, transfers, relocations, and restructures are recognized over the remaining term of the franchise agreement, while expiring contract fees are recognized at a point-in time.

Royalty Revenue

The Company's royalty revenues are primarily generated from the licensing of the Hooters name under franchise agreements. The Company charges franchisees a sales-based royalty which typically ranges from 2.0% to 6.0% of the franchised locations' monthly net sales. Royalty revenues are currently being recognized on an accrual basis as related franchisee revenues are reported to the Company. Franchised locations may also be required to pay the Company national advertising fees for Hooters brand marketing activities sponsored by the Company. As most company-sponsored marketing is domestic, international franchisee rates range from 0.0% to 1.0% with most having no requirement to contribute. For domestic franchisees, these fees range from 0.0% to 2.0% of the franchised locations' net revenue. National advertising revenue is recognized on an accrual basis as related franchisee revenues are reported by the Company and are included in royalty revenues in the accompanying consolidated statements of operations. For the years ended December 25, 2022, and December 26, 2021, national advertising revenue was $7,652 and $6,300, respectively.

Other Revenue

Other Revenues include amortization of gift card breakage and fees associated with third party gift card sales, sublease income, and certain supplier activity rebates. For gift cards, the Company records a liability in the period in which a gift card is sold. As gift cards are redeemed at Company owned restaurants, restaurant sales and related administrative costs are recognized, and the liability is reduced. When gift cards are redeemed at a franchisee operated restaurant, the Company reimburses the franchisee for the card value net of any administrative costs and derecognizes the liability. When a gift card is not subject to escheatment and it is probable that a portion of a gift card will not be redeemed, this amount is considered for breakage. Under ASC 606, the Company recognizes gift card breakage income using the Remote Method. Under the remote method, breakage revenue is recognized once the probability of the redemption of a gift card becomes remote. Breakage is recognized as revenue consistent with historic redemption patterns of the associated gift cards.

In certain situations, the Company may close an under-performing restaurant even though the lease term has not expired. When this occurs, the Company will attempt to find a tenant to sublease the property. Income received from the sublease is included in Other Revenue.

(dollar amounts in thousands)

The Company has contracts with certain non-end-product suppliers, such as our breading supplier, who rebate funds to the Company based on purchases made by both the Company and franchisees. Income from these contracts, excluding the rebates received from end-product suppliers such as Pepsi and Red Bull, is included in Other Revenue.

k. Advertising and Marketing Costs

The Company administers a national advertising fund on behalf of its owned and franchised stores. For the years ended December 25, 2022, and December 26, 2021, costs under this program were $7,888 and $6,518, respectively.

Other advertising and marketing costs are expensed as incurred and are classified as selling, general, and administrative expenses in the accompanying consolidated statements of operations. For the years ended December 25, 2022, and December 26, 2021, these costs were $1,099 and $1,820, respectively.

l. General and Administrative Expenses

General and administrative expenses primarily comprise salaries and expenses associated with corporate and administrative functions that support the development and operations of the Company's restaurants, insurance premium expense, professional fees, and share-based compensation expense and are classified as selling, general, and administrative expenses in the accompanying consolidated statements of operations.

m. Property and Equipment

Property and equipment are stated at cost less accumulated depreciation, with the exception that property and equipment acquired in an acquisition are recorded at estimated fair value on the date of the acquisition. Expenditures for maintenance and repairs are expensed as incurred, while major additions and improvements are capitalized. Upon disposition, the cost and related accumulated depreciation are removed from the accounts, and the resulting gain or loss is reflected in the accompanying consolidated statements of operations.

Depreciation on property and equipment is calculated on the straight-line method over the estimated useful lives of the assets assessed as of the date of acquisition. The estimated useful life of buildings ranges from 1 to 25 years, while that of equipment ranges from 1 to 7 years. Leasehold improvements are amortized straight-line over the shorter of the lease term or the estimated useful life.

n. Deferred Revenue

Deferred revenue represents amounts received from franchisees for franchise rights, territory rights, unredeemed restaurant gift cards, and other unearned income. Amounts received from franchisees for franchise rights are deferred and amortized on a straight-line basis over the term of the respective franchise agreement. In regard to amounts received for territory rights from ADAs, these are deferred and begin amortizing over the term of the franchise agreement once the related store opens. For amounts received from restaurant gift cards, the Company defers the revenue until the gift card is redeemed or the probability of redemption is considered "remote" under the Remote Model of breakage. Other unearned income primarily represents proceeds from the disposal of property and equipment that have been leased back to the Company. The proceeds from the disposals are recorded as a reduction in rent expense on a straight-line basis over the related lease terms.

(dollar amounts in thousands)

The deferred revenues arise from both the initial franchise fees received upon executing the Franchise Agreement and fees paid for territory rights per the ADA. The revenue from these franchise fees is to be recognized on a straight-line basis over the term of the franchise agreement once the related store is opened. Franchise agreements generally have 10 or 20 year terms.

o. Insurance Liabilities

The Company maintains various insurance policies for workers' compensation, general liability, medical benefits, and property damage claims. The terms of these policies limit the Company's responsibility for losses up to certain deductibles for workers' compensation, general liability, medical benefits, and property damage liability claims. The Company is required to estimate a liability that represents the ultimate exposure for aggregate losses. This liability is based on management's estimates of the ultimate costs to be incurred to settle known claims and claims not reported as of the balance sheet date. The estimated liability is not discounted and is based on a number of assumptions and factors, including historical trends of claims, claims costs, and economic conditions. If actual trends differ from the estimates, the financial results could be impacted. Insurance liabilities exclude estimates of legal costs related to known claims, which are expensed as incurred.

p. Goodwill and Indefinite-Lived Assets

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets acquired in a business acquisition. The Company has adopted the authoritative guidance issued by the Financial Accounting Standards Board (FASB) in *Accounting Standards Update ASU No. 2021- 03, Intangibles - Goodwill and Other (Topic 350): Accounting Alternative for Evaluating*. The ASU permits a private company perform the goodwill impairment triggering event evaluation as required in *ASC 350-20, Intangibles-Goodwill and Other—Goodwill*, as of the end of the reporting period, whether the reporting period is an interim or annual period. An entity that elects this alternative is not required to monitor for goodwill impairment triggering events during the reporting period but, instead, should evaluate the facts and circumstances as of the end of each reporting period to determine whether a triggering event exists and, if so, whether it is more likely than not that goodwill is impaired.

All of the Company's goodwill has been allocated to its reporting units. The impairment review for goodwill allows the Company to first assess the qualitative factors to determine whether it is necessary to perform the more detailed quantitative goodwill impairment test. The Company would perform the quantitative test if the qualitative assessment determined it is more-likely-than-not that a reporting unit's estimated fair value is less than its carrying amount. The Company may also elect to bypass the qualitative assessment and proceed directly to the quantitative test for any reporting unit. When performing the quantitative test, management supports the fair value of each reporting unit by calculating a discounted cash flow analysis, utilizing unobservable inputs classified as Level 3 measurements. The reporting units projected operating and cash flow results, as well as discount rate, are the significant Level 3 measurements impacting fair value.

(dollar amounts in thousands)

As of December 30, 2019, the Company adopted Accounting Standards Update ASU 2017-04, *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. The ASU simplifies the measurement of goodwill impairment by eliminating the requirement that an entity compute the implied fair value of goodwill based on the fair values of its assets and liabilities to measure impairment. Instead, goodwill impairment will be measured as the difference between the fair value of the reporting unit and the carrying value of the reporting unit. The ASU also clarifies the treatment of the income tax effect of tax-deductible goodwill when measuring goodwill impairment loss. Impairment charges related to goodwill totaled $1,400 for the fiscal year ended December 25, 2022, and $0 for the fiscal year ended December 26, 2021. The impairment in 2022 is related to the Hoots Franchising entity.

Trademarks are estimated to have an indefinite useful life and are not amortized but are reviewed for impairment at least annually and as events or circumstances dictate. The impairment review for trademarks allows the Company to first assess the qualitative factors to determine whether it is necessary to perform a more detailed quantitative trademark impairment test. The Company would perform the quantitative assessment test if the qualitative assessment determined it was more-likely-than-not that the trademarks are impaired. The Company may also elect to bypass the qualitative assessment and proceed directly to the quantitative test. The Company's trademarks would be considered impaired if their carrying value exceeds their estimated fair value. There were no impairment charges related to tradename for the fiscal years ended December 25, 2022, or December 26, 2021.

q. Long-Lived Assets

Long-lived assets, such as property and equipment and purchased intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value. Fair value is determined through various valuation techniques including undiscounted cash flow models, quoted market values, and third-party independent appraisals, as considered necessary. The Company recognized impairment loss of $671 for the year ended December 25, 2022, related to one location. This impairment loss included $638 related to right-of-use assets recorded with the adoption of ASC 842, *Leases*. The Company recognized impairment loss of $2,571 for the year ended December 26, 2021, related to two locations.

r. Debt Issuance Costs and Debt Discounts

Debt issuance costs and debt discounts are amortized using either the effective-interest method or straight-line method over the term of the related existing debt instruments. The amortization of debt issuance costs and debt discounts are included in interest expense, net in the accompanying consolidated statements of operations. Unamortized debt issuance costs and debt discounts are recorded as an offset to debt in the consolidated balance sheets. Unamortized debt issuance costs and debt discounts at December 25, 2022, and December 26, 2021, were $11,057 and $8,966, respectively. Amortization of debt issuance costs and discount on bonds related to long-term debt totaled $2,676 and $1,479 for the years ended December 25, 2022, and December 26, 2021, respectively.

(dollar amounts in thousands)

s. Deferred Lease Obligations

The Company recognizes the present value of lease obligations on closed restaurant locations where an operating lease exists and the cost of meeting the lease obligations exceed the economic benefits expected to be received under the lease. The present value of deferred lease obligations at December 25, 2022, and December 26, 2021, were $6,827 and $7,837, respectively. The loss recognized for the year ending December 25, 2022, and December 26, 2021, was $0 and $544, respectively.

t. Income and Other Taxes

The Company is a limited liability company under the provisions of the Internal Revenue Code, which is treated as a pass-through entity for federal and most state income tax purposes. The taxable income or loss of the Company is included in the tax returns of the members. The Company has not recorded an income tax provision for federal and state purposes, with the exception of those states that impose income taxes at the entity level. Accordingly, the Company has provided for state and foreign income taxes for those jurisdictions where appropriate.

The Company recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company records interest and penalties related to unrecognized tax benefits in income tax expense.

During 2022 and 2021, the Company accounted for foreign withholding tax exposure, interest, and penalties relating to prior or current year tax positions.

The Company's provision for income taxes includes:

	December 25, 2022	December 26, 2021
Foreign taxes withheld	$ 1,290	$ 866
State income taxes	1,139	1,072
	$ 2,429	$ 1,938

u. Fair Value Measurements

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 inputs Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date;

(dollar amounts in thousands)

Level 2 inputs Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability;

Level 3 inputs Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

Long-lived assets are measured at fair value on a nonrecurring basis in certain circumstances, such as when there is evidence of impairment.

The Company's financial instruments, including cash, accounts receivable, accounts payable, and accrued expenses, are carried at cost, which approximates their estimated fair value because of the short-term nature of these financial instruments.

v. Share Option Plan

The Company recognizes all employee share-based compensation as a cost in the consolidated financial statements. Equity-classified awards are measured at the grant-date fair value of the award. The Company estimates grant-date fair value using the Black-Scholes-Merton option pricing model.

Share-based compensation costs that have been included in selling, general, and administrative expenses amounted to $554 and $2,116 for the years ended December 25, 2022, and December 26, 2021, respectively. There was no income tax benefit recognized in the consolidated statements of operations for share-based compensation arrangements.

(dollar amounts in thousands)

2. Revenue Recognition – Contract Liabilities

Contract liabilities consist of deferred revenue resulting from initial and renewal franchise fees paid by franchisees, as well as upfront fees paid by franchisees in ADAs, which are generally recognized on a straight-line basis over the term of the underlying agreement. The Company classifies these contract liabilities as either current or noncurrent liabilities based on the expected timing of recognition of related revenue. The Company does not have any contract assets related to franchise fees. The following table reflects the change in contract liabilities included in deferred revenue between December 25, 2022, and December 26, 2021:

	Contract Liabilities
Balance at December 27, 2020	$ 1,081
Revenue recognized during period between 12/28/2020 - 12/26/2021	(69)
Increase in deferred balance from newly opened stores or unopened stores	1,059
Balance at December 26, 2021	2,071
Revenue recognized during period between 12/27/2021 - 12/25/2022	(50)
Increase in deferred balance from newly opened stores or unopened stores	124
Balance at December 25, 2022	$ 2,145

3. Inventories

Inventories consist of the following:

	December 25, 2022	December 26, 2021
Food and beverages	$ 4,748	$ 4,370
Wearables and collectibles	1,735	1,857
	$ 6,483	$ 6,227

(dollar amounts in thousands)

4. Property and Equipment, Net

Property and equipment, net consist of the following:

	December 25, 2022	December 26, 2021
Furniture and equipment	$ 69,025	$ 64,929
Leasehold improvements	101,915	97,674
Land and buildings	2,099	1,942
	173,039	164,545
Less: Accumulated depreciation	(87,143)	(67,041)
	$ 85,896	$ 97,504

Depreciation expense for the years ended December 25, 2022, and December 26, 2021, was $20,319 and $21,370, respectively.

5. Intangibles

a. Franchise Rights, Net

The Company franchises Hooters Restaurants to a number of franchisees. Amortization expense for the years ended December 25, 2022, and December 26, 2021, was $1,076 and $1,076, respectively. Estimated amortization expense for each of the next five years is $1,076 and $9,147 thereafter.

Franchise rights, net consist of the following:

	December 25, 2022	December 26, 2021
Franchise rights	$ 18,300	$ 18,300
Less: Accumulated amortization	(3,773)	(2,697)
	$ 14,527	$ 15,603

b. Valuation of Goodwill and Trademark

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets acquired in a business acquisition.

The Company performed its annual impairment analysis for the years ended December 25, 2022, and December 26, 2021 which resulted in an impairment charge of $1,400 and $0, respectively. The impairment recognized in 2022 related to the Hoots Franchising reporting unit.

(dollar amounts in thousands)

The value of the trademark is based on the relief from royalty method under the income approach. The trademark has an indefinite life and, therefore, is not amortized. Fair value is determined by completing a relief from royalty valuation, which is a Level 2 measurement. For years ended December 26, 2021, and December 25, 2022, the Company performed an annual impairment analysis of its trademark with no impairment determined.

The carrying amount of goodwill is as follows:

	Goodwill
Balance at December 27, 2020	$ 36,372
Balance at December 26, 2021	36,372
Provision for impairment	(1,400)
Balance at December 25, 2022	$ 34,972

There were no changes to carrying amount of the Company's tradename in 2022 or 2021.

6. Other Assets

Other assets consist of the following:

	December 25, 2022	December 26, 2021
Deposits	$ 781	$ 793
Notes receivable	519	645
Software, net	932	613
	$ 2,232	$ 2,051

7. Accrued Expenses

Accrued expenses consist of the following:

(dollar amounts in thousands)

	December 25, 2022	December 26, 2021
Accrued payroll and related expense	$ 6,357	$ 9,272
Accrued insurance expense	6,538	7,647
Accrued taxes	4,490	3,966
Accrued utilities	1,112	914
Accrued interest	3,152	1,637
Accrued other expenses	2,589	4,491
	$ 24,238	$ 27,927

8. Commitments

a. Lease Commitments

The Company adopted ASU No. 2016-02, *Leases* (Topic 842) on December 27, 2021, the first day of fiscal year 2022. The new standard requires a lessee to recognize a liability for lease obligations, representing the discounted obligation to make minimum lease payments, and a corresponding right-of-use asset on the balance sheet for all leases with a term longer than 12 months. Prior year financial statements were not recast under the new standard and, therefore, those amounts are not presented below. The Company elected the package of transition provisions available for expired or existing contracts, which allowed it to carryforward its historical assessments of (1) whether contracts are or contain leases, (2) lease classification, (3) present value of lease payments and (4) initial direct costs.

At contract inception, the Company determines whether an arrangement is a lease or contains an embedded lease, and whether the lease is an operating or financing lease. Leased assets and obligations are recognized at the lease commencement date based on the present value of lease payments over the term of the lease. Lease payments are discounted to present value using the rate implicit in the lease when available. The Company has elected to adopt ASU No. 2021-09, *Leases* (Topic 842): Discount Rates for Lessees That Are Not Public Business Entities, which permits nonpublic companies to elect to use a risk-free rate by Class of underlying assets. Nearly all lease obligations have been discounted using a risk-free rate.

The Company has operating leases primarily for restaurant locations, office space, and business equipment. Operating lease expense is recognized in operations by amortizing the amount recorded as an asset on a straight-line basis over the lease term. In determining lease asset values, the Company considers fixed payment terms, incentives, and options to extend or terminate. Renewal, termination, or purchase options affect the lease term used for determining lease asset value only if the option is reasonably certain to be exercised. Variable payments, such as common area maintenance, are expensed in the period incurred and not included in the lease asset values. Some of the lease agreements include percentage rent clauses which require the Company to pay additional rent if store sales receipts are in excess of curtained predetermined levels. Additional rents are payable on these excess receipts based upon percentages ranging between 2.0% and 10.0%.

(dollar amounts in thousands)

For finance leases, after lease commencement the lease liability is measured on an amortized cost basis and increased to reflect interest on the liability and decreased to reflect the lease payment made during the period. Interest on the lease liability is determined each period during the lease term as the amount that results in a constant period discount rate on the remaining balance of the liability. The right-of-use asset is subsequently measured at cost, less any accumulated amortization and any accumulated impairment losses. These expenses are presented consistently with the presentation of other interest expense and amortization or depreciation of similar assets. Amortization on the right-of-use asset is recognized over the period from the commencement date to the earlier of the end of the useful life, or the end of the lease term.

Adoption of this ASU resulted in recognition of additional net lease assets of $338,044 and net lease liabilities of $349,690, respectively, as of December 27, 2021. In addition, the Company had recorded a deferred rent liability of $10,205 and an unfavorable lease liability of $1,441 as of December 26, 2021, which was included in other long-term liabilities in the consolidated balance sheet. Adoption of this ASU resulted in derecognition of this deferred rent liability, and it was recorded against the initial right-of-use asset. The standard did not materially impact the consolidated statements of operations or cash flows.

Lease cost is recognized within restaurant costs – other operating costs in the consolidated financial statements and consists of the following:

	December 25, 2022
Operating lease cost	$ 30,430
Finance lease cost	
Amortization of right-of-use assets	188
Interest on lease liabilities	46
Variable lease cost	1,543
Sublease income	(382)
Total lease cost	$ 31,825

The following summarizes supplemental cash flow information:

	December 25, 2022
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	$ (29,737)
Operating cash flows from finance leases	(46)
Financing cash flows from finance leases	(188)

(dollar amounts in thousands)

Other supplemental information related to leases is summarized as follows:

	December 25, 2022
Weighted average remaining lease term (in years)	
Operating leases	12.97
Finance leases	10.11
Weighted average discount rate	
Operating leases	1.62 %
Finance leases	7.15 %

The following table summarizes the Company's future minimum payments under contractual obligations for operating and financing liabilities with initial or remaining lease terms in excess of one year under Topic 842:

	Operating	Finance
2023	$ 35,403	$ 135
2024	33,591	88
2025	31,976	52
2026	29,741	52
2027	28,268	53
Thereafter	206,421	349
Total future minimum lease payments (undiscounted)	365,400	729
Less: Present value discount	44,470	199
Total lease liability	$ 320,930	$ 530

b. Purchase Commitments

The Company has a long-term supply agreement with a major beverage vendor that requires the Company to purchase a minimum number of gallons of product over a future period. The term of the contract expires once the Company's minimum purchase commitment is met. The Company has purchased approximately 88% and 79% of the minimum volume required under the agreement as of December 25, 2022, and December 26, 2021, respectively.

(dollar amounts in thousands)

9. Long-Term Debt

The Company's debt consists of the following:

	December 25, 2022	December 26, 2021
Series 2021-1 Class A-2 Senior Secured Notes	$ 271,563	$ 274,313
Series 2021-1 Class B Senior Subordinated	40,000	40,000
Bracebridge Note	65,035	-
Total debt	376,598	314,313
Less: Debt issuance costs and discount on notes	(11,057)	(8,966)
Less: Current portion, net of discount on notes	(7,287)	(2,750)
	$ 358,254	$ 302,597

Series 2021-1 Notes

On August 19, 2021, the Company issued $275,000 Series 2021-1 4.723% Fixed Rate Senior Notes, Class A-2 (the "Series 2021-1 Class A-2 Notes") and $40,000 Series 2021-1 7.432% Fixed Rate Senior Subordinated Notes, Class B (the "Series 2021-1 Class B Notes" and, together with the Series 2021-1 Class A-2 Notes, the "Offered Notes") pursuant to an indenture, the "Base Indenture"), as supplemented by a Series Supplement, (the "Series 2021-1 Supplement" and, together with the Base Indenture and any other Series supplements to the Base Indenture, the "Indenture") and used the proceeds from this transaction to pay off the outstanding principal plus any accrued and unpaid interest on its existing debt as described below. The stated maturity date of the Offered Notes is August 20, 2026, with a final legal maturity date of August 21, 2051.

The Series 2021-1 Class A-2 Notes bear interest at a fixed rate equal to 4.723% per annum, payable quarterly in arrears. The Indenture governing the Offered Notes also includes scheduled quarterly principal payments of $688 on the Class A-2 Notes, which is calculated based on a 1.00% scheduled annual amortization. As of December 25, 2022 and December 26, 2021, the outstanding principal amount of the Class A-2 Notes was $271,563 and $274,313, respectively.

The Series 2021-1 Class B Notes bear interest at a fixed rate equal to 7.432% per annum, payable quarterly in arrears. As of December 25, 2022, and December 26, 2021, the outstanding principal amount of the Class A-2 Notes was $40,000 and $40,000, respectively.

The Offered Notes are secured by substantially all assets of the Company and their subsidiaries but are not guaranteed by or secured with the assets of the Parent or its other subsidiaries. The Base Indenture and the Original Base Indenture requires that the Company report and remit weekly cash flows of the Company's securitized entities to the trustee of the Offered Notes. The weekly cash flows are subject to priorities of payment that provide for the payment of funds to specific reserve accounts for debt service and other specified purposes set forth in the Indenture. The amount of weekly cash flow, if any, that exceeds the amounts required by the priorities of payment is generally remitted to the Parent.

The Offered Notes are subject to a Series of covenants and restrictions customary for transactions of this type, which are found in the Base Indenture and the Original Base Indenture. If certain

covenants or restrictions are not met, the Offered Notes and the Senior Notes are subject to accelerated repayment events and events of default. The Offered Notes and the Senior Notes are subject to customary rapid amortization events provided for in the Base Indenture and the Original Base Indenture, including events tied to failure to maintain stated debt service coverage ratios, the sum of HOA systemwide sales being below certain levels on certain measurement dates, certain manager termination events, an event of default, and failure to repay or refinance the Offered Notes and the Senior Notes on the applicable maturity date. As of December 25, 2022, and December 26, 2021, the Company was in compliance with all financial debt covenants and restrictions.

The Indenture limits the ability of the Company to, among other things;

a. Pay dividends, redeem subordinated indebtedness, or make other restricted payments;

b. Incur or guarantee additional indebtedness that is not governed by the Indenture or issue preferred stock;

c. Create or incur liens;

d. Incur dividend or other payment restrictions affecting restricted subsidiaries;

e. Consummate a merger, consolidation, or sale of all or substantially all of its assets;

f. Enter into transactions with affiliates;

g. Transfer or sell assets;

h. Engage in business other than its current business and reasonably related extensions thereof;

i. Designate subsidiaries as unrestricted subsidiaries;

j. Issue capital of certain subsidiaries. The Company paid $9,554 of debt issuance costs in connection with this borrowing, which were a combination of fees paid to lenders and third-party professional fees.

Series 2014-1, 2015-1, and Variable Funding Notes

On August 12, 2014, the Company completed a financing of the Series 2014-1 Fixed Rate Senior Secured Notes, Class A-2 (the “2014 Transaction”) by issuing $275,000 Series 2014-1 4.846% Fixed Rate Senior Secured Notes, Class A-2 (the “Series 2014-1 Class A-2 Notes”) pursuant to an indenture (the “Original Base Indenture”), as supplemented by a supplemental indenture (the “Series 2014-1 Supplement”). In addition to the Series 2014-1 Class A-2 Notes, the Co-Issuers also issued, pursuant to the Original Base Indenture and the Series 2014-1 Supplement, the $25 million Series 2014-1 Variable Funding Senior Secured Notes, Class A-1 (the “Series 2014-1 Class A-1 Notes” and, together with the Series 2014-1 Class A-2 Notes, the “Series 2014-1 Notes”), which allowed the Company to borrow amounts from time to time on a revolving basis. On July 23, 2018, the Company entered into Amendment No. 1 to Series 2014-1 Class A-1 Note Purchase Agreement, pursuant to which the renewal date of the Series 2014-1 Class A-1 Notes was extended to August 2021. On August 19, 2021, the notes were extinguished as part of the issuance of the Series 2021-1 Notes.

(dollar amounts in thousands)

On October 5, 2015, the Company completed a securitization financing (the "2015 Transaction") by issuing $25,000 Series 2015-1 5.500% Fixed Rate Senior Secured Notes, Class A-2 (the "Series 2015-1 Class A-2 Notes") and $20,000 Series 2015-1 9.000% Fixed Rate Senior Secured Notes, Class B (the "Series 2015-1 Class B Notes" and, together with the Series 2015-1 Class A-2 Notes, the "Series 2015-1 Notes"), pursuant to the Original Base Indenture, as supplemented by a supplemental indenture (the "Series 2015-1 Supplement"). The Variable Funding Notes provide for Senior secured revolving facility in an aggregate amount of up to $25,000. The Variable Funding Notes were set to mature in August 2019 under the original lender and contained options for renewal. The Variable Funding Notes were refinanced with a new lender in July 2018, and the maturity date was extended to August 2021, with a final legal maturity date of August 2044. The Variable Funding Notes bear interest at (i) the Base Rate (as defined) or (ii) the Eurodollar Rate (as defined) applicable to such Eurodollar interest accrual period for such advance, in each case except as otherwise provided in the definition of Eurodollar interest accrual period. The Variable Funding Notes require the Company to pay a commitment fee of 4.00% per annum and a commitment fee of 1.00% for unused commitments. Interest and other fees on the Variable Funding Notes are due quarterly in arrears. On August 19, 2021, the notes were extinguished as part of the issuance of the Series 2021-1 Notes.

The Series 2015-1 Class A-2 Secured Senior Notes and Series 2015-1 Class B Senior Subordinated Secured Notes were issued at discounts of approximately $2,084 and $2,700, respectively.

The Series 2014-1 Class A-2 Secured Senior Notes bear interest at a rate of 4.846% per annum, payable quarterly in arrears. The Original Base Indenture governing the Senior Notes also includes scheduled quarterly principal payments of $1,375 on the Class A-2 Notes, which is calculated based on a 2.00% scheduled annual amortization. On August 19, 2021, the notes were extinguished as part of the issuance of the Series 2021-1 Notes.

The Series 2015-1 Class A-2 Secured Senior Notes bear interest at a rate of 5.50% per annum, payable quarterly in arrears. The Original Base Indenture governing the Senior Notes also includes scheduled quarterly principal payments of $125 beginning in February 2016. On August 19, 2021, the notes were extinguished as part of the issuance of the Series 2021-1 Notes.

The Series 2015-1 Class B Senior Subordinated Secured Notes bear interest at a rate of 9.00% per annum, payable quarterly in arrears. On August 19, 2021, the notes were extinguished as part of the issuance of the Series 2021-1 Notes.

Bracebridge Note – March 2022

On March 9, 2022, Hawk Parent, LLC ("Hawk") entered into an agreement with XYQ Caymen, LTD ("Bracebridge"). The Bracebridge Credit Agreement consisted of a $70,000 term loan with a stated maturity date of March 9, 2027. The term loan is guaranteed by various subsidiaries of Hawk including the Company. Interest on borrowings is 10.50% per annum. Quarterly principal and interest payments are required and commenced in May 2022. The outstanding principal balance is due on the maturity date unless an optional prepayment of the loan in full is executed. It is expected the earnings from the Company will be used to make the quarterly principal and interest payments on the maturity date on behalf of Hawk. The outstanding balance of the term loan at December 25, 2022 is $65,035, of which $4,537 is reflected as current.

(dollar amounts in thousands)

The Bracebridge Credit Agreement is collateralized by substantially all of the Company's assets. The Bracebridge Credit Agreement contains certain covenants that require the maintenance of certain financial measures for Hawk and applicable subsidiaries, which includes the Company. The financial covenants are measured at the end of each fiscal quarter and specify a minimum adjusted EBITDA threshold for the most recent twelve month period, a maximum Consolidated Leverage Ratio, a minimum unrestricted Cash Equivalents balance, and a minimum interest-only debt service coverage ratio. The Company is in compliance with all financial covenants as of December 25, 2022.

Costs incurred by the Company to obtain financing are capitalized. As part of obtaining the Bracebridge Credit Agreement term loan, the Company capitalized $4,842 of deferred financing costs. The costs are recorded as a debt discount in long-term debt in the consolidated balance sheet for the year ending December 25, 2022. The costs are accreted to interest expense, net in the consolidated statement of operations over the life of the Bracebridge Credit Agreement using the straight-line method which approximates the effective interest rate method. As of December 25, 2022, the Company had amortized $840 of deferred financing costs.

Payment Protection Program Loan
In April 2020, DW Restaurant Holder, LLC ("DWRH"), TW Restaurant Holder, LLC ("TWRH"), and HOA Restaurant Holder, LLC ("HRH"), subsidiaries of the Company entered into loan agreements in the amount of $7,004, 10,000, and 10,000 as part of the Paycheck Protection Program in the aggregate amount of $27,004 (the "Loans") under the CARES Act. The Loans were necessary to support ongoing operations of the Company due to the economic uncertainty resulting from COVID-19 pandemic and lack of access to alternative sources of liquidity.

The Loans are scheduled to mature two years from the date of each loan, the Loans bear interest at a rate of 1% per annum and are subject to the terms and conditions applicable to loans administered by the U.S. Small Business Administration ("SBA") under the CARES Act. The Paycheck Protection Program provides that the use of the Loan amount shall be limited to certain qualifying expenses and may be partially or wholly forgiven in accordance with the requirements set forth in the CARES Act. The Company used all of the loan proceeds toward qualifying expenses. In June 2021, the SBA approved the Company's application for full forgiveness of the Loans and paid-off all the Loans in full. As such, no principal or interest payments will ever be required for the Loans.

The three loans totaling $27,004 were forgiven in 2021 and are reflected as other income in the consolidated financial statements for the year ended December 26, 2021.

Interest Expense
Interest expense for the years ended December 25, 2022, and December 26, 2021, consists of the following:

(dollar amounts in thousands)

	December 25, 2022	December 26, 2021
Series 2021-1 Class A-2 Senior Secured Notes	$ 13,402	$ 4,615
Series 2021-1 Class B Senior Subordinated Secured Notes	2,965	1,057
Bracebridge Note	5,675	-
Variable Funding Notes	-	671
Series 2014-1 Class A-2 Senior Secured Notes	-	7,465
Series 2015-1 Class A-2 Senior Secured Notes	-	792
Series 2015-1 Senior Class B Subordinated Secured Notes	-	1,160
Embedded Derivative	-	(8,500)
Amortization of debt issuance costs	2,088	1,370
Other	495	553
	$ 24,625	$ 9,183

Aggregate maturities of long-term debt obligations outstanding at December 25, 2022 are as follows:

2023	$ 10,750
2024	10,750
2025	10,750
2026	314,063
2027	30,285
	$ 376,598

10. Litigation

The Company is named as a defendant from time to time in litigation matters arising in the ordinary course of business, including dram shop claims, employment related claims, and claims from customers or employees alleging illness, injury, or other food quality, health, or operational wrongdoing. Such matters are subject to many uncertainties, and the related outcomes are remote or reasonably possible, but not estimable with reasonable assurance. In the opinion of management, none of these matters are expected to result in a settlement or judgement having a material adverse effect on the Company's financial position, results of operation, or liquidity.

11. Related-Party Transactions

The Company leases 19 properties from various companies in which one of the minority investors in the Company is a majority owner of the property. The leases have varying expiration dates beginning in 2020 through 2034. Rent expense paid to these entities totaled $5,047 and $4,584 for the years ended December 25, 2022, and December 26, 2021, respectively. These expenses are included in other restaurant operating costs in the accompanying consolidated statements of operations. Future minimum lease payments on these leases totaled approximately $59,985 and

(dollar amounts in thousands)

$30,276 as of December 25, 2022, and December 26, 2021, respectively, and are included in the future minimum lease payments schedule in Note 9(a).

One of the investors, Chanticleer Holdings, LLC, is also a franchisee with locations in South Africa. Royalty fees from these locations totaled $190 and $288 for the years ended December 25, 2022, and December 26, 2021, respectively.

The Company pays management fees to certain investors in the Company. The amount paid for the years ended December 25, 2022, and December 26, 2021, was $2,012 and $2,020, respectively.

For the year ended December 25, 2022, of the $2,012 amount paid, $1,500 relates to management fees and $512 relates to board compensation, which are included in selling, general, and administrative expenses in the accompanying consolidated statements of operations.

12. Members' Equity

a. Membership Interests

Class A Units: On June 28, 2019, the Company issued 42,278 Class A Units. Each Class A Unit represents an interest in Hawk and shall be entitled to distributions and other rights. The Class A Units are redeemable at the holders' option upon a change of control. After nine years, the Class A Units are contingently redeemable upon Class A Unit holders exercising their put option. The Class A Units are also redeemable at the Company's option at any time. The redemption value of Class A Units is calculated based on the $1,000 preference amount as defined in the Hawk Parent Amended and Restated Limited Liability Company Operating Agreement ("LLC Agreement") which is increased by 12% annual interest compounded quarterly. As the events triggering redemption are not considered probable or are at the option of the Company, Class A Units are not accreted to their redemption value each reporting period. Class A Units do not have voting rights. To the extent the Company's Board of Managers elect to make a distribution to unitholders, such distributions will first be received by Class A members in an amount equal to the preference amount described above.

In accordance with ASC 480, Distinguishing Liabilities from Equity, at each reporting period, the Company assessed the likelihood of whether changes existed whereby the put option mentioned above was considered mandatorily redeemable and should be considered a liability. No such changes in the Company's determination existed at December 27, 2020.

On September 30, 2021, the Company exercised its call option as defined in the LLC Agreement to purchase all of the issued and outstanding Class A Units from the holders thereof. As a result, the Company paid $25,623 million for the assignment of Membership Interests in Class A Units back to the Company. There were no remaining Class A Units outstanding upon closing this transaction or as of December 26, 2021.

(1) *Class B Units:* On June 28, 2019, the Company issued 4,711 Class B Units. Each Class B Unit represents an interest in Hawk and shall be entitled to distributions and other rights. Class B Units are nonredeemable and do not have voting rights. To the extent the Board of Managers of the Company elect to make a distribution to unitholders, such distributions will be received by Class B Units in an amount equal to the Preferred Participation Percentage as defined in the LLC Agreement.

(dollar amounts in thousands)

(2) *Class C Units:* On June 28, 2019, the Company issued 26,694 Class C Units. Each Class C Unit represents an interest in Hawk and shall be entitled to distributions and other rights. Class C Units have voting rights. In addition, pursuant to the LLC Agreement, the Company may issue options on the Class C Units in connection with the Management Option Plan (Option Plan). Such options will not constitute a limited liability company interest in the Company and the holders of such options shall not be members.

(3) *Class D Units:* Pursuant to the LLC Agreement, the Company may issue Class D Units pursuant to the Management Incentive Plan (Incentive Plan). Class D Units are nonvoting Units which are considered profits interests. Refer to the Share-based Compensation Note below for more detail. To the extent the Board of Managers of the Company elects to make a distribution to unitholders, such distributions will be received by Class C and Class D members after required distributions are made to Class A and Class B unitholders.

b. Share-Based Compensation

The Company has adopted an Option Plan pursuant to which the Company may grant options to employees to purchase Class C Units and establish and implement a management option plan under which options to purchase Class C Units may be issued. A participant's option to purchase Class C Units will vest on the terms and conditions set forth in such Participant's Option Grant Notice. The number of grants that were awarded during the years ended December 25, 2022, and December 26, 2021, were 0 and 1,422, respectively.

The Company has also adopted an Incentive Plan. The maximum number of Class D Units available for grant under the Incentive Plan will be 3,489 minus the number of Class C Units delivered in satisfaction of awards under the Option Plan of the Company. A participant's Class D Units will vest on the terms and conditions set forth in such Participant's Award Agreement. There were no grants awarded during 2022 or 2021.

Compensation costs for both the Class C and Class D units ("share-based awards") are recognized over the awards' requisite service period. Compensation expense for the share-based awards for the year ended December 25, 2022, was $554. Total unrecognized compensation expense at December 25, 2022, was $315.

(dollar amounts in thousands)

The grant-date fair value of each share-based award is estimated on the date of grant using the Black-Scholes-Merton option pricing model to estimate the fair value of the incentive units. The analysis was based on a number of assumptions, including but not limited to: (1) management's income statement and balance sheet forecasts, (2) management's current understanding of unit allocations based on available grant agreements, (3) an estimated exit multiple, (4) probability-weighted exit dates, using management's forecast and estimated exit multiple. Each scenario was then discounted according to the chosen WACC discount rate. Lastly a designated probability was then assigned to each exit scenario, whereby management could estimate the value available to the unitholders as of December 25, 2022.

	Number of Units	Fair Value at Grant Date	Weighted Average Remaining Contractual Term (years)
Balance at December 27, 2020	2,189	$ 1,000	2.71
Share-based awards granted	1,422	1,743	3.52
Forfeited	(322)	1,000	1.99
Balance at December 26, 2021	3,289	1,314	2.80
Share-based awards granted	-	-	-
Forfeited	-	-	-
Balance at December 25, 2022	3,289	1,314	0.74
Exercisable at December 25, 2022	2,873		

(dollar amounts in thousands)

13. Defined-Contribution Plans

The Company has a defined-contribution 401(k) plan whereby eligible employees may contribute pretax wages in accordance with the provisions of the plan. Beginning in 2022, the Company offered a Safe-Harbor Match, which is based on contributions made by each employee. The Company matches 100% of the first 3% of earnings an employee contributes and 50% of the next 2% of earnings an employee contributes. For the years ended December 25, 2022, and December 26, 2021, the company match totaled $790 and $0, respectively.

14. Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through April 24, 2023, the date at which the consolidated financial statements were available to be issued.

During the first quarter of fiscal year 2023, the Company completed a capital raise from existing investors. Total capital received was $12,536, of which $2,945 was received during fiscal year ending December 25, 2022, which has been reflected in the 2022 results. The capital raise also incurred fees of $62 resulting in net capital of $12,474.

No other matters were identified impacting the Company's financial position or requiring further disclosure.

HOA Restaurant Group, LLC and Subsidiaries

Consolidated Financial Statements
December 26, 2021 and December 27, 2020

HOA Restaurant Group, LLC and Subsidiaries
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December 26, 2021 and December 27, 2020

Report of Independent Auditors

To the Management of HOA Restaurant Group, LLC

Opinion

We have audited the accompanying consolidated financial statements of HOA Restaurant Group, LLC and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 26, 2021 and December 27, 2020, and the related consolidated statements of operations, of members equity (deficit) and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 26, 2021 and December 27, 2020, and the results of its operations and its cash flows for the years 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 (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company 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 the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated 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 the Company's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' 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 US GAAS 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 US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 the Company'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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.

PricewaterhouseCoopers LLP

Atlanta, Georgia
April 25, 2022

HOA Restaurant Group, LLC and Subsidiaries
Consolidated Balance Sheets
December 26, 2021 and December 27, 2020

(dollar amounts in thousands)	December 26, 2021	December 27, 2020
Assets		
Current assets		
Cash and cash equivalents	$ 19,054	$ 27,362
Restricted cash	20,220	13,989
Receivables, net of allowance of $1,336 and $1,420 in 2021 and 2020	9,368	10,122
Inventories	6,227	5,626
Prepaid expenses and other current assets	3,401	1,510
Total current assets	58,270	58,609
Property and equipment, net	97,504	111,032
Trademark	153,000	153,000
Franchise rights, net	15,603	16,679
Goodwill	36,372	36,372
Other assets	2,051	1,683
Total assets	$ 362,800	$ 377,375
Liabilities and Members' Equity		
Current liabilities		
Accounts payable	$ 22,095	$ 17,612
Accrued expenses	27,927	21,801
Deferred revenue	4,587	5,169
Current portion of long-term debt	2,750	315,734
Current portion of lease obligations	1,634	1,667
Total current liabilities	58,993	361,983
Long-term debt, net of current portion and debt issuance costs	302,597	27,004
Deferred revenue, less current portion	3,073	1,081
Lease obligations, less current portion	17,631	17,870
Unfavorable leases, net	1,912	2,281
Total liabilities	384,206	410,219
Commitments and contingencies (See Notes 8 and 10)		
Member's deficit		
Members' cumulative contributions, net	40,117	63,699
Accumulated deficit	(61,523)	(96,543)
Total member's deficit	(21,406)	(32,844)
Total liabilities and member's equity	$ 362,800	$ 377,375

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

HOA Restaurant Group, LLC and Subsidiaries
Consolidated Statements of Operations
Years Ended December 26, 2021 and December 27, 2020

(dollar amounts in thousands)	December 26, 2021	December 27, 2020
Revenue		
Restaurant sales, net	$ 464,802	$ 357,372
Royalty and franchise fee revenues	19,761	14,728
Other revenues	2,059	1,467
Total revenues	486,622	373,567
Operating expenses		
Restaurant operating costs		
Cost of restaurant sales	133,456	91,816
Labor	120,866	98,796
Other operating costs	132,957	123,460
Selling, general, and administrative expense	48,497	34,836
National marketing	6,518	6,135
Depreciation and amortization	22,768	30,486
Provision for asset impairment	2,571	34,630
(Gain) loss on disposal of assets, net	(163)	2,212
Other expenses	15	715
Total operating expenses	467,485	423,086
Operating income (loss)	19,137	(49,519)
Nonoperating income (expense)		
PPP loan forgiveness	27,004	-
Interest expense, net	(9,183)	(26,231)
Total nonoperating income (expense), net	17,821	(26,231)
Income (loss) before provision for income taxes	36,958	(75,750)
Provision for income taxes	(1,938)	(1,328)
Net income (loss)	$ 35,020	$ (77,078)

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

HOA Restaurant Group, LLC and Subsidiaries
Consolidated Statements of Changes in Members' Equity (Deficit)
Years Ended December 26, 2021 and December 27, 2020

(dollar amounts in thousands)	Members' Cumulative Contributions, Net	Accumulated Deficit	Total
Balances at December 29, 2019	$ 63,326	$ (19,465)	$ 43,861
Share-based compensation	757	-	757
Distributions	(384)	-	(384)
Net loss	-	(77,078)	(77,078)
Balances at December 27, 2020	63,699	(96,543)	(32,844)
Share-based compensation	2,116	-	2,116
Distributions	(75)	-	(75)
Repurchase Class A Units (See Note 12)	(25,623)	-	(25,623)
Net income	-	35,020	35,020
Balances at December 26, 2021	$ 40,117	$ (61,523)	$ (21,406)

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

HOA Restaurant Group, LLC and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 26, 2021 and December 27, 2020

(dollar amounts in thousands)	December 26, 2021	December 27, 2020
Cash flows provided by operating activities		
Net income (loss)	$ 35,020	$ (77,078)
Adjustments to reconcile net (income) loss to net cash provided by operating activities		
Depreciation and amortization	22,768	30,486
Change in fair value of derivative liability	(8,500)	8,500
Noncash rent expense	110	6,659
Noncash share-based compensation	2,116	757
Forgiveness of PPP loans	(27,004)	-
Noncash interest	1,479	1,176
Loss on disposal of assets	(163)	2,212
Provision for asset impairment	2,571	34,630
Bad debt expense	476	1,489
Changes in operating assets and liabilities		
Receivables, net	2,966	(2,700)
Inventories	(601)	(86)
Prepaid expenses and other assets	(2,579)	(164)
Accounts payable	4,481	(5,938)
Accrued expenses	6,126	(442)
Deferred revenue	207	(376)
Deferred lease obligations	(578)	6,256
Net cash provided by operating activities	38,895	5,381
Cash flows from investing activities		
Purchases of property and equipment	(11,735)	(8,826)
Insurance proceeds	-	1,843
Proceeds from the disposal of property and equipment	-	700
Net cash used in investing activities	(11,735)	(6,283)
Cash flows from financing activities		
Repayment of direct-financing lease obligations	(173)	(136)
Repayment of term-debt	(308,812)	(6,000)
Proceeds from new long-term debt	315,000	27,004
Payment of debt issuance costs	(9,554)	(75)
Repurchase Class A Units	(25,623)	-
Distributions	(75)	(384)
Net cash (used in) provided by financing activities	(29,237)	20,409
Net (decrease) increase in cash, cash equivalents and restricted cash	(2,077)	19,507
Cash and cash equivalents and restricted cash		
Beginning of year	41,351	21,844
End of year	$ 39,274	$ 41,351
Supplemental disclosures of cash flow information		
Cash paid for interest, net	$ 15,749	$ 16,104
Cash paid for income taxes	1,709	1,228

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

(dollar amounts in thousands)

1. Nature of Business and Summary of Significant Accounting Policies

a. Description of Business

HOA Restaurant Group, LLC, together with its subsidiaries, (the Company), a Delaware limited liability company, is in the business of owning, operating, sublicensing, and franchising restaurants under the trade name "Hooters", and "Hoots." The Company is also involved in a variety of marketing activities to promote the Hooters and Hoots restaurant brands, including merchandise sales, and sponsorship of a wide range of events, including sporting events, beauty pageants, bike and car shows, and TV programming featuring the Hooters Girls.

On June 28, 2019, Hawk Acquisitions LLC, specifically its subsidiary, Hawk Parent, LLC ("Hawk") and its "Merger Sub," Hawk Merger Sub LLC, completed its merger with and into HOA Holdings, LLC ("HOA"). The acquisition was pursuant to an agreement and plan of merger by and among Hawk, Merger Sub, HOA, and Camaro Representative LLC, as equity holders' representative, dated as of June 28, 2019 (the "Merger Agreement"). In accordance with the terms of the Merger Agreement, Merger Sub merged with and into HOA, with HOA surviving as a wholly owned subsidiary of Hawk. Hawk Acquisitions LLC was formed by Nord Bay Capital ("Nord Bay") and its advisor TriArtisan Capital Advisors LLC ("TriArtisan") for the purposes of the merger. Hawk Acquisitions LLC houses the governance functions of Hawk, while the equity units in the transaction are issued at Hawk. Through the transaction, Hawk obtained 75% of the voting, Class C Units, resulting in a change in control through the transfer of the majority of voting rights.

At December 26, 2021, there were 377 Hooters restaurants, including 199 Company restaurants all of which were wholly owned and 178 franchise restaurants.

At December 27, 2020, there were 379 Hooters restaurants, including 200 Company restaurants all of which were wholly owned and 179 franchise restaurants.

b. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries and other entities over which the Company exercises control and have been prepared on the accrual basis of accounting. All intercompany balances and transactions have been eliminated in consolidation.

Accounting Standards Codification ("ASC") 220 requires a separate statement of comprehensive income. However, as net income is the only material component of comprehensive income, the Company elected not to include a separate consolidated statement of comprehensive income because it would not be meaningful to the users of the consolidated financial statements.

c. Fiscal Year

The Company's fiscal year is the 52 or 53 week period ending the last Sunday of the calendar year. The years ended December 26, 2021 and December 27, 2020 contained 52 weeks, respectively.

(dollar amounts in thousands)

d. Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. 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 and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the valuation of goodwill, intangibles, and share-based compensation.

e. Concentration of Risks

Although the Company attempts to maintain multiple vendors to the extent practicable, its foods and beverages are currently acquired from only a few sources, with its largest vendor providing approximately 35% of food and supplies in both 2021 and 2020. Although the Company believes alternative vendors could be found in a timely manner, any disruption of these services could potentially have an adverse impact on operating results.

Financial instruments that could potentially subject the Company to credit risks consist principally of trade accounts receivable. Concentrations of credit risk with respect to these receivables are limited due to the composition of the customer base, which includes a large number of customers. One customer accounted for 15% and 14% for the years ended December 26, 2021 and December 27, 2020, respectively.

f. Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Company's cash balance is held with several different U.S. financial institutions, for which the related cash balances may exceed amounts federally insured during the year. The Company has not experienced any losses in such accounts, and management believes that the Company mitigates its risk by utilizing major financial institutions.

g. Restricted Cash

Restricted cash includes deposits for principal and interest payments that are required by the Company's lenders and cash held by the Company for its national marketing advertising fund. Restricted cash is included in cash and cash equivalents in the consolidated statements of cash flows.

	December 26, 2021	December 27, 2020
Cash and cash equivalents	$ 19,054	$ 27,362
Restricted cash	20,220	13,989
Total cash and cash equivalents and restricted cash shown in consolidated statements of cash flows	$ 39,274	$ 41,351

(dollar amounts in thousands)

h. Receivables

Receivables consist principally of amounts due for royalties and fees from franchise restaurants, and credit card receivables.

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. Amounts collected on trade accounts receivable are included in net cash provided by operating activities in the consolidated statements of cash flows. The Company maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions as well as the franchisees' financial condition, the amount of receivables in dispute, and the current receivables aging and payment patterns. Past-due balances over a specified amount are reviewed individually for collectability. All other remaining balances are reviewed on an aggregate basis. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. For the years ended December 26, 2021 and December 27, 2020, bad debt expense was approximately $476 and $1,489, respectively.

i. Inventories

Inventories, consisting of foods, beverages, wearables, and collectibles, are stated at the lower of cost or net realizable value on a first-in, first-out basis.

j. Revenue Recognition

The Company recognizes revenue in accordance with ASC 606 using the following five steps:

1. Identifying the contract(s) with a customer;

2. Identifying the performance obligations in the contract;

3. Determining the transaction price;

4. Allocating the transaction price to the performance obligations in the contract; and

5. Recognizing revenue when, or as, the Company satisfies a performance obligation.

The Company only applies the five-step model when it is probable that the Company will collect the consideration it is entitled to in exchange for goods or services it transfers to the customer. The Company must utilize judgment to determine whether promised goods or services are capable of being distinct within the context of the contract. If these criteria are not met, the promised goods or services are combined with other goods or services and accounted for as a single performance obligation. Revenue is then recognized either at a point in time or over time depending on the Company's evaluation of when the customer obtains control of the promised goods or services. See Note 3 for further information regarding the adoption of ASC 606 and adjustments.

The Company derives revenue from the following revenue streams: Restaurant Sales, Franchise Fees, and Royalty Revenues.

(dollar amounts in thousands)

Restaurant Sales Revenue
The Company owns stores of its own brand, solely operates locations, and records revenue and expense related to the operations of these owned stores. Company-owned store revenues are recognized when payment is tendered at the point of sale as the performance obligation has been satisfied. Company-owned store revenues are reported excluding sales, use, or other transaction taxes that are collected from customers and remitted to taxing authorities.

Other Revenue
Other revenues include amortization of gift card breakage and fees associated with third party gift card sales. The Company records a liability in the period in which a gift card is sold. As gift cards are redeemed at Company owned restaurants, restaurant sales and related administrative costs are recognized, and the liability is reduced. When gift cards are redeemed at a franchisee operated restaurant, the Company reimburses the franchisee for the card value net of any administrative costs and derecognizes the liability. When a gift card is not subject to escheatment and it is probable that a portion of a gift card will not be redeemed, this amount is considered for breakage. Under ASC 606, the Company recognizes gift card breakage income using the Remote Method. Under the remote method, breakage revenue is recognized once the probability of the redemption of a gift card becomes remote. Breakage is recognized as revenue consistent with historic redemption patterns of the associated gift cards.

Franchise Fee Revenue
The Company grants the right for franchisees to operate a franchise store and performs several preopening, opening, and post-opening activities related to the initial fee charges for services rendered to ensure Company policies and standards are followed. The pre-opening through post-opening activities are not distinguishable from the franchise right, which is considered symbolic intellectual property (IP) under ASC 606. Given the use of the symbolic IP over the life of the franchise term, revenue from these franchise fees are to be recognized over the term of the franchise agreement using the straight- line method. Franchise agreements generally have 20-year terms. Additionally, a separate charge is assessed by the Company related to the right for an individual to develop and operate a number of stores in a certain area, which is executed under an Area Development Agreement (ADA). Similar to the individual franchise fees, these revenues related to the development agreement are recognized over the term of the agreement once the related stores are opened. Lastly, the Company charges fees related to the renewal of an expiring franchise contract, the act of transferring the franchise to another individual, relocating or restructuring a franchise agreement, and the expiring of franchise agreements or ADAs. These fees for renewals, transfers, relocations, and restructures are recognized over the remaining term of the franchise agreement, while expiring contract fees are recognized at a point-in time.

Royalty Revenue
The Company's royalty revenues are primarily generated from the licensing of the Hooters name under franchise agreements. The Company charges franchisees a sales-based royalty which typically ranges from 2.0% to 6.0% of the franchised locations' monthly net sales. Royalty revenues are currently being recognized on an accrual basis as related franchisee revenues are reported to the Company. Franchised locations are also required to pay the Company national advertising fees for Hooters brand marketing activities sponsored by the Company. These fees range from 0.5% to 2.5% of the franchised locations' net revenue.

(dollar amounts in thousands)

National advertising fees are recognized on an accrual basis as related franchisee revenues are reported by the Company and are included in royalty revenues in the accompanying consolidated statements of operations.

k. Advertising and Marketing Costs

The Company administers a national advertising fund on behalf of its owned and franchised stores. For the years ended December 26, 2021 and December 27, 2020, costs under this program were $6,518 and $6,135, respectively.

Other advertising and marketing costs are expensed as incurred and are classified as selling, general, and administrative expenses in the accompanying consolidated statements of operations. For the years ended December 26, 2021 and December 27, 2020, these costs were $1,820 and $682, respectively.

l. General and Administrative Expenses

General and administrative expenses primarily comprise salaries and expenses associated with corporate and administrative functions that support the development and operations of the Company's restaurants, insurance premium expense, professional fees, and share-based compensation expense and are classified as selling, general, and administrative expenses in the accompanying consolidated statements of operations.

m. Property and Equipment

Property and equipment are stated at cost less accumulated depreciation, with the exception that property and equipment acquired in an acquisition are recorded at estimated fair value on the date of the acquisition. Expenditures for maintenance and repairs are expensed as incurred, while major additions and improvements are capitalized. Upon disposition, the cost and related accumulated depreciation are removed from the accounts, and the resulting gain or loss is reflected in the accompanying consolidated statements of operations.

Depreciation on property and equipment is calculated on the straight-line method over the estimated useful lives of the assets assessed as of the date of acquisition. The estimated useful life of buildings ranges from 1 to 14 years, while that of equipment ranges from 1 to 22 years. Leasehold improvements are amortized straight-line over the shorter of the lease term or the estimated useful life.

n. Deferred Revenue

Deferred revenue represents amounts received from franchisees for franchise rights, territory rights, unredeemed restaurant gift cards, and other unearned income. Amounts received from franchisees for franchise rights are deferred and amortized on a straight-line basis over the term of the respective franchise agreement. In regard to amounts received for territory rights from ADAs, these are deferred and begin amortizing over the term of the franchise agreement once the related store opens. For amounts received from restaurant gift cards, the Company defers the revenue until the gift card is redeemed or the probability of redemption is considered "remote" under the Remote Model of breakage. Other unearned income primarily represents proceeds from the disposals of property and equipment that have been leased back to the Company. The proceeds from the disposals are recorded as a reduction in rent expense on a straight-line basis over the related lease terms.

(dollar amounts in thousands)

The deferred revenues arise from both the initial franchise frees received upon executing the Franchise Agreement and fees paid for territory rights per the ADA. The revenue from these franchise fees are to be recognized on a straight-line basis over the term of the franchise agreement once the related store is opened. Franchise agreements generally have 20-year terms.

o. Insurance Liabilities

The Company maintains various insurance policies for workers' compensation, general liability, medical benefits, and property damage claims. The terms of these policies limit the Company's responsibility for losses up to certain deductibles for workers' compensation, general liability, medical benefits, and property damage liability claims. The Company is required to estimate a liability that represents the ultimate exposure for aggregate losses. This liability is based on management's estimates of the ultimate costs to be incurred to settle known claims and claims not reported as of the balance sheet date. The estimated liability is not discounted and is based on a number of assumptions and factors, including historical trends of claims, claims costs, and economic conditions. If actual trends differ from the estimates, the financial results could be impacted. Insurance liabilities exclude estimates of legal costs related to known claims, which are expensed as incurred.

p. Goodwill and Indefinite-Lived Assets

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets acquired in a business acquisition. The Company has adopted the authoritative guidance issued by the Financial Accounting Standards Board (FASB) in *Accounting Standards Update (ASU) No. 2021- 03, Intangibles - Goodwill and Other (Topic 350): Accounting Alternative for Evaluating*. The ASU permits a private company perform the goodwill impairment triggering event evaluation as required in *ASC 350-20, Intangibles—Goodwill and Other—Goodwill*, as of the end of the reporting period, whether the reporting period is an interim or annual period. An entity that elects this alternative is not required to monitor for goodwill impairment triggering events during the reporting period but, instead, should evaluate the facts and circumstances as of the end of each reporting period to determine whether a triggering event exists and, if so, whether it is more likely than not that goodwill is impaired.

All of the Company's goodwill has been allocated to it reporting units. The impairment review for goodwill allows the Company to first assess the qualitative factors to determine whether it is necessary to perform the more detailed quantitative goodwill impairment test. The Company would perform the quantitative test if the qualitative assessment determined it is more-likely-than-not that a reporting unit's estimated fair value is less than its carrying amount. The Company may also elect to bypass the qualitative assessment and proceed directly to the quantitative test for any reporting unit.

As of December 30, 2019, the Company adopted Accounting Standards Update ("ASU") 2017-04, *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. The ASU simplifies the measurement of goodwill impairment by eliminating the requirement that an entity compute the implied fair value of goodwill based on the fair values of its assets and liabilities to measure impairment. Instead, goodwill impairment will be measured as the difference between the fair value of the reporting unit and the carrying value of the reporting unit. The ASU also clarifies the treatment of the income tax effect of tax-deductible goodwill when measuring goodwill impairment loss. Refer to Note 6 for a discussion of impairment recorded during the fiscal year ended December 27, 2020. There were no impairment charges related to goodwill for the fiscal year ended December 26, 2021.

(dollar amounts in thousands)

Trademarks are estimated to have an indefinite useful life and are not amortized but are reviewed for impairment at least annually and as events or circumstances dictate. The impairment review for trademarks allows the Company to first assess the qualitative factors to determine whether it is necessary to perform a more detailed quantitative trademark impairment test. The Company would perform the quantitative assessment test if the qualitative assessment determined it was more-likely-than-not that the trademarks are impaired. The Company may also elect to bypass the qualitative assessment and proceed directly to the quantitative test. The Company's trademarks would be considered impaired if their carrying value exceeds their estimated fair value. Refer to Note 6 for discussion of impairment recorded during the fiscal year ended December 27, 2020. There were no impairment charges related to tradename for the fiscal year ended December 26, 2021.

q. Long-Lived Assets

Long-lived assets, such as property and equipment and purchased intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value. Fair value is determined through various valuation techniques including undiscounted cash flow models, quoted market values, and third-party independent appraisals, as considered necessary. Impairment charges for long-lived assets totaled $2,571 for the year ended December 26, 2021. No long-life asset impairment charges were recognized for the year ended December 27, 2020.

r. Debt Issuance Costs and Debt Discounts

Debt issuance costs and debt discounts are amortized using either the effective-interest method or straight-line method over the term of the related existing debt instruments. The amortization of debt issuance costs and debt discounts are included in interest expense, net in the accompanying consolidated statements of operations. Unamortized debt issuance costs and debt discounts are recorded as an offset to debt in the consolidated balance sheets. Unamortized debt issuance costs and debt discounts at December 26, 2021 and December 27, 2020 were $8,966 and $891, respectively. Amortization of debt issuance costs and discount on bonds related to long-term debt totaled $1,370 and $1,176 for the years ended December 26, 2021 and December 27, 2020, respectively.

s. Derivative Liability

The Company evaluates its contracts to determine if those contracts or embedded components of those contracts are required to be recognized under ASC Topic 815, *Derivatives and Hedging*. The result of this accounting treatment is that the derivative is carried at fair value as an asset or a liability with changes in the fair value recognized in earnings as they occur. Although separately measured at fair value, the fair value of bifurcated embedded derivatives is presented with the host contract in the consolidated balance sheets. The one identified bifurcated derivative at December 27, 2020 was $8,500 and was included in current portion of long-term debt on the consolidated balance sheet. Changes in the fair value of derivative are recorded in the accompanying consolidated statement of operations as interest expense. As a result of the Company's August 2021 debt financing, the bifurcated derivative was extinguished. See Note 9 for additional information.

(dollar amounts in thousands)

t. Deferred Lease Obligations

Leases typically have an initial lease term of between 10 and 20 years and contain renewal options. Certain leases contain rent escalation clauses that require higher rental payments in later years. Leases may also contain rent holidays or free-rent periods during the lease term.

The Company recognizes rent expense on a straight-line basis over the term of the lease, without consideration of renewal options, unless renewals are reasonably assured because failure to renew would result in an economic penalty. Deferred rent resulting from renewal options at December 26, 2021, and December 27, 2020 totaled $10,359 and $9,902, respectively.

The Company recognizes the present value of lease obligations on closed restaurant locations where an operating lease exists and the cost of meeting the lease obligations exceed the economic benefits expected to be received under the lease. The present value of deferred lease obligations at December 26, 2021 and December 27, 2020 were $7,837 and $8,412, respectively. The loss recognized for the year ending December 26, 2021 and December 27, 2020 was $544 and $7,027, respectively.

The Company receives lease incentives on some of its operating leases in the form of tenant allowances. These incentives are recognized as reductions to rental expense on a straight-line basis over the term of the lease. The unamortized lease incentives at December 26, 2021 and December 27, 2020 were $351 and $332, respectively.

u. Income and Other Taxes

The Company is a limited liability company under the provisions of the Internal Revenue Code, which is treated as a pass-through entity for federal and most state income tax purposes. The taxable income or loss of the Company is included in the tax returns of the members. The Company has not recorded an income tax provision for federal and state purposes, with the exception of those states that impose income taxes at the entity level. Accordingly, the Company has provided for state and foreign income taxes for those jurisdictions where appropriate.

The Company recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company records interest and penalties related to unrecognized tax benefits in income tax expense.

During 2021 and 2020, the Company accounted for foreign withholding tax exposure, interest, and penalties relating to prior or current year tax positions.

(dollar amounts in thousands)

The Company's provision for income taxes includes:

	December 26, 2021	December 27, 2020
Foreign taxes withheld	$ 866	$ 781
State income taxes	1,072	547
	$ 1,938	$ 1,328

v. Fair Value Measurements

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 inputs Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date;

Level 2 inputs Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability;

Level 3 inputs Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

Long-lived assets are measured at fair value on a nonrecurring basis in certain circumstances, such as when there is evidence of impairment.

Liabilities measured at fair value on a recurring basis are as follows as of December 27, 2020:

	Fair Value Measurements at Reporting Date				
	Balance Reported December 26, 2020 (Level 2)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Embedded derivative liability	$ 8,500	$ -	$ (8,500)	$ -	$ -
	$ 8,500	$ -	$ (8,500)	$ -	$ -

(dollar amounts in thousands)

The 2015 Notes contained a redemption feature which was determined to be an embedded derivative requiring bifurcation and separate accounting. The fair value of the derivative was determined based on an income approach that identified the cash flows using a "with-and-without" valuation methodology. The inputs used to determine the estimated fair value of the derivative instrument were based primarily on the probability of the underlying even triggering the embedded derivative occurring and the timing of such event.

As a result of the Company's August 2021 debt financing, the bifurcated derivative was extinguished. See Note 9 for additional information.

There were no liabilities or assets requiring fair value using Level 1, 2, or 3 inputs as of December 26, 2021.

w. Share Option Plan

The Company recognizes all employee share-based compensation as a cost in the consolidated financial statements. Equity-classified awards are measured at the grant-date fair value of the award. The Company estimates grant-date fair value using the Black-Scholes-Merton option pricing model.

Share-based compensation costs that have been included in selling, general, and administrative expenses amounted to $2,116 and $757 for the years ended December 26, 2021 and December 27, 2020, respectively. There was no income tax benefit recognized in the consolidated statements of operations for share-based compensation arrangements.

x. Impact of and Company Response to COVID-19

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic. The United States and various state and local jurisdictions have imposed, among other things, travel and business operation restrictions intended to limit the spread of the COVID-19 virus and have advised or required individuals to adhere to social distancing or limit or forego their time outside of their home. This pandemic and the governmental response have resulted in significant and widespread economic disruptions to, and uncertainty in, the United States economy, including in the regions in which the Company operates. In many jurisdictions, the Company was deemed an "essential business" and continued to operate, reducing the impact of these restrictions on its operations and results for the year ended December 27, 2020. Immediately after the initial wave of cases in the United States, the Company undertook several precautionary measures in order to ensure it maintained a strong financial position, including shifting in-store operations to carry-out and reducing certain selling, general and administrative expenses. In addition, while some suppliers and other parts of the supply chain were disrupted by the lockdown measures, the Company was able to obtain alternative products to maintain operations in both company-operated and franchised restaurants. However, the Company's management cannot reliably predict the future impact of the pandemic and the governmental response to the pandemic on the Company's operations and future results.

(dollar amounts in thousands)

2. Revenue Recognition – Contract Liabilities

Contract liabilities consist of deferred revenue resulting from initial and renewal franchise fees paid by franchisees, as well as upfront fees paid by franchisees in ADAs, which are generally recognized on a straight-line basis over the term of the underlying agreement. The Company classifies these contract liabilities as either current or noncurrent liabilities based on the expected timing of recognition of related revenue. The Company does not have any contract assets related to franchise fees. The following table reflects the change in contract liabilities included in deferred revenue between December 29, 2019 and December 26, 2021:

	Contract Liabilities
Balance at December 29, 2019	$ 931
Revenue recognized during period between 12/30/2019 - 12/27/2020	(25)
Increase in deferred balance from newly opened stores or unopened stores	175
Balance at December 27, 2020	1,081
Revenue recognized during period between 12/28/2020 - 12/26/2021	(69)
Increase in deferred balance from newly opened stores or unopened stores	1,059
Balance at December 26, 2021	$ 2,071

3. Inventories

Inventories consist of the following:

	December 26, 2021	December 27, 2020
Food and beverages	$ 4,370	$ 3,820
Wearables and collectibles	1,857	1,806
	$ 6,227	$ 5,626

(dollar amounts in thousands)

4. Property and Equipment, Net

Property and equipment, net consist of the following:

	December 26, 2021	December 27, 2020
Furniture and equipment	$ 64,929	$ 60,758
Leasehold improvements	97,674	95,998
Land and buildings	1,942	1,948
	164,545	158,704
Less: Accumulated depreciation	(67,041)	(47,672)
	$ 97,504	$ 111,032

Depreciation expense for the years ended December 26, 2021 and December 27, 2020 was $21,370 and $28,759, respectively.

5. Intangibles

a. Franchise Rights, Net

The Company franchises Hooters Restaurants to a number of franchisees. Amortization expense for the years ended December 26, 2021 and December 27, 2020 was $1,076 and $1,077, respectively. Estimated amortization expense for each of the next five years is $1,076 and $10,223 thereafter.

Franchise rights, net consist of the following:

	December 26, 2021	December 27, 2020
Franchise rights	$ 18,300	$ 18,300
Less: Accumulated amortization	(2,697)	(1,621)
	$ 15,603	$ 16,679

b. Valuation of Goodwill and Trademark

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets acquired in a business acquisition. During 2020, the Company performed its annual impairment analysis of goodwill for all reporting units and it was determined for two reporting units, HOA Franchising, LLC and Hoots Franchising, LLC the fair values no longer exceeded the carrying values due to the market, macroeconomic and business conditions resulting from the COVID-19 pandemic. Fair value was determined by referencing market valuation multiples implied by companies that have comparable businesses which is a Level 3 measurement. The Company recognized $20,530 of impairment during the year ended December 27, 2020.

(dollar amounts in thousands)

The Company performed its annual impairment analysis for the year ended December 26, 2021 which did not result in any impairment charges. The Company performed a quantitative goodwill assessment during 2021.

The value of the trademark is based on the relief from royalty method under the income approach. The trademark has an indefinite life and, therefore is not amortized. During 2020, the Company performed its annual impairment analysis of its trademark at a consolidated level using a discounted cash flow analysis and determined the fair value no longer exceeded the carrying value. As a result, an impairment charge of $14,100 was recognized for the year ended December 27, 2020, due to market, macroeconomic and business conditions resulting from the COVID-19 pandemic. Fair value was determined by completing a relief from royalty valuation, which is a Level 2 measurement.

The Company did not record any impairment for the year ended December 26, 2021.

The carrying amount of goodwill and the trademark is as follows:

	Goodwill
Balance at December 29, 2019	$ 56,902
Provision for impairment	(20,530)
Balance at December 27, 2020	36,372
Provision for impairment	-
Balance at December 26, 2021	$ 36,372
	Trademark
Balance at December 29, 2019	$ 167,100
Provision for impairment	(14,100)
Balance at December 27, 2020	153,000
Provision for impairment	-
Balance at December 26, 2021	$ 153,000

(dollar amounts in thousands)

6. Other Assets

Other assets consist of the following:

	December 26, 2021	December 27, 2020
Deposits	$ 793	$ 776
Notes receivable	645	586
Internally developed software, net	613	321
	$ 2,051	$ 1,683

7. Accrued Expenses

Accrued expenses consist of the following:

	December 26, 2021	December 27, 2020
Accrued payroll and related expense	$ 9,272	$ 5,991
Accrued insurance expense	7,647	5,327
Accrued property taxes	3,966	3,552
Accrued utilities	914	633
Accrued interest	1,637	1,820
Accrued other expenses	4,491	4,478
	$ 27,927	$ 21,801

8. Commitments

a. Lease Commitments

The Company leases a majority of its restaurant locations under operating lease arrangements. Lease terms generally range from 10 to 20 years and typically contain renewal options. Most of the leases provide that the Company pay taxes, maintenance, insurance, and certain operating expenses related to the leased premises. Certain leases contain contingent rental provisions based on sales volume.

The Company is party to certain leases that have been accounted for as direct financing leases due to their terms, whereby the lease obligation is recognized, and the related real property is capitalized in the accompanying consolidated balance sheets.

(dollar amounts in thousands)

Future minimum lease payments under the direct financing leases and all noncancelable operating leases (with initial or remaining lease terms in excess of one year) as of December 26, 2021 are follows:

	Direct Financing Leases	Operating Leases
2022	$ 234	36,489
2023	135	34,982
2024	88	33,645
2025	52	32,075
2026	52	29,239
Thereafter	403	180,865
Total minimum lease payments	964	$ 347,295
Less: Amounts representing interest (at rates ranging from 7% to 7.98%)	246	
Present value of minimum direct-financing lease payments	718	
Less: Current installments of obligations under direct-financing leases	187	
Obligations under direct-financing leases, excluding current installments	$ 531	

At December 26, 2021 and December 27, 2020, the gross amount of property and equipment and related accumulated depreciation recorded under direct financing leases were as follows:

	December 26, 2021	December 27, 2020
Equipment	$ 460	$ 578
Buildings	477	477
	937	1,055
Less: Accumulated depreciation	(363)	(188)
	$ 574	$ 867

(dollar amounts in thousands)

Rent expense related to all operating leases is included in other restaurant operating costs in the accompanying consolidated statements of operations and consists of the following for the years ended December 26, 2021 and December 27, 2020:

	December 26, 2021	December 27, 2020
Minimum rent	$ 37,800	$ 31,352
Contingent rent	1,652	1,059
	$ 39,452	$ 32,411

b. Purchase Commitments

The Company has a long-term supply agreement with a major beverage vendor that requires the Company to purchase a minimum number of gallons of product over a future period. The term of the contract expires once the Company's minimum purchase commitment is met. The Company has purchased approximately 79% and 71% of the minimum volume required under the agreement as of December 26, 2021 and December 27, 2020, respectively.

9. Long-Term Debt

The Company's debt consists of the following:

	December 26, 2021	December 27, 2020
Series 2021-1 Class A-2 Senior Secured Notes	$ 274,313	$ -
Series 2021-1 Class B Senior Subordinated Secured Notes	40,000	-
Variable Funding Notes	-	25,000
Series 2014-1 Class A-2 Senior Secured Notes	-	240,625
Series 2015-1 Class A-2 Senior Secured Notes	-	22,500
Series 2015-1 Class B Senior Subordinated Secured Notes	-	20,000
Payment Protection Program Loan-HRH	-	10,000
Payment Protection Program Loan-TWRH	-	10,000
Payment Protection Program Loan-TWRH	-	7,004
Fair value of embedded derivative	-	8,500
Total debt	314,313	343,629
Less: Debt issuance costs and discount on notes	(8,966)	(891)
Less: Current portion, net of discount on notes	(2,750)	(315,734)
Total long-term debt	$ 302,597	$ 27,004

(dollar amounts in thousands)

Series 2021-1 Notes

On August 19, 2021, the Company issued $275,000 Series 2021-1 4.723% Fixed Rate Senior Notes, Class A-2 (the "Series 2021-1 Class A-2 Notes") and $40,000 Series 2021-1 7.432% Fixed Rate Senior Subordinated Notes, Class B (the "Series 2021-1 Class B Notes" and, together with the Series 2021-1 Class A-2 Notes, the "Offered Notes") pursuant to an indenture, the "Base Indenture"), as supplemented by a Series Supplement, (the "Series 2021-1 Supplement" and, together with the Base Indenture and any other series supplements to the Base Indenture, the "Indenture") and used the proceeds from this transaction to pay off the outstanding principal plus any accrued and unpaid interest on its existing debt as described below.

The Series 2021-1 Class A-2 Notes bear interest at a fixed rate equal to 4.723% per annum, payable quarterly in arrears. The Indenture governing the Offered Notes also includes scheduled quarterly principal payments of $688 on the Class A-2 Notes, which is calculated based on a 1.00% scheduled annual amortization. As of December 26, 2021, and December 27, 2020, the outstanding principal amount of the Class A-2 Notes was $274,313 and $0, respectively.

The Series 2021-1 Class B Notes bear interest at a fixed rate equal to 7.432% per annum, payable quarterly in arrears. As of December 26, 2021, and December 27, 2020, the outstanding principal amount of the Class A-2 Notes was $40,000 and $0, respectively.

The Offered Notes are secured by substantially all assets of the Company and their subsidiaries but are not guaranteed by or secured with the assets of the Parent or its other subsidiaries. The Base Indenture and the Original Base Indenture requires that the Company report and remit weekly cash flows of the Company's securitized entities to the trustee of the Offered Notes. The weekly cash flows are subject to priorities of payment that provide for the payment of funds to specific reserve accounts for debt service and other specified purposes set forth in the Indenture. The amount of weekly cash flow, if any, that exceeds the amounts required by the priorities of payment is generally remitted to the Parent.

The Offered Notes are subject to a series of covenants and restrictions customary for transactions of this type, which are found in the Base Indenture and the Original Base Indenture. If certain covenants or restrictions are not met, the Offered Notes and the Senior Notes are subject to accelerated repayment events and events of default. The Offered Notes and the Senior Notes are subject to customary rapid amortization events provided for in the Base Indenture and the Original Base Indenture, including events tied to failure to maintain stated debt service coverage ratios, the sum of HOA systemwide sales being below certain levels on certain measurement dates, certain manager termination events, an event of default, and failure to repay or refinance the Offered Notes and the Senior Notes on the applicable maturity date. As of December 26, 2021, and December 27, 2020, the Company was in compliance with all financial debt covenants and restrictions.

The Indenture limits the ability of the Company to, among other things;

a. Pay dividends, redeem subordinated indebtedness, or make other restricted payments;

b. Incur or guarantee additional indebtedness that is not governed by the Indenture or issue preferred stock;

(dollar amounts in thousands)

c. Create or incur liens;

d. Incur dividend or other payment restrictions affecting restricted subsidiaries;

e. Consummate a merger, consolidation, or sale of all or substantially all of its assets;

f. Enter into transactions with affiliates;

g. Transfer or sell assets;

h. Engage in business other than its current business and reasonably related extensions thereof;

i. Designate subsidiaries as unrestricted subsidiaries;

j. Issue capital of certain subsidiaries.

The Company paid $9,554 of debt issuance costs in connection with this borrowing, which were a combination of fees paid to lenders and third party professional fees.

Series 2014-1, 2015-1, and Variable Funding Notes

On August 12, 2014, the Company completed a financing of the Series 2014-1 Fixed Rate Senior Secured Notes, Class A-2 (the "2014 Transaction") by issuing $275,000 Series 2014-1 4.846% Fixed Rate Senior Secured Notes, Class A-2 (the "Series 2014-1 Class A-2 Notes") pursuant to an indenture (the "Original Base Indenture"), as supplemented by a supplemental indenture (the "Series 2014-1 Supplement"). In addition to the Series 2014-1 Class A-2 Notes, the Co-Issuers also issued, pursuant to the Original Base Indenture and the Series 2014-1 Supplement, the $25 million Series 2014-1 Variable Funding Senior Secured Notes, Class A-1 (the "Series 2014-1 Class A-1 Notes" and, together with the Series 2014-1 Class A-2 Notes, the "Series 2014-1 Notes"), which allowed the Company to borrow amounts from time to time on a revolving basis. On July 23, 2018, the Company entered into Amendment No. 1 to Series 2014-1 Class A-1 Note Purchase Agreement, pursuant to which the renewal date of the Series 2014-1 Class A-1 Notes was extended to August 2021.

On October 5, 2015, the Company completed a securitization financing (the "2015 Transaction") by issuing $25,000 Series 2015-1 5.500% Fixed Rate Senior Secured Notes, Class A-2 (the "Series 2015-1 Class A-2 Notes") and $20,000 Series 2015-1 9.000% Fixed Rate Senior Secured Notes, Class B (the "Series 2015-1 Class B Notes" and, together with the Series 2015-1 Class A-2 Notes, the "Series 2015-1 Notes"), pursuant to the Original Base Indenture, as supplemented by a supplemental indenture (the "Series 2015-1 Supplement").

The Variable Funding Notes provide for senior secured revolving facility in an aggregate amount of up to $25,000. The Variable Funding Notes were set to mature in August 2019 under the original lender and contained options for renewal. The Variable Funding Notes were refinanced with a new lender in July 2018, and the maturity date was extended to August 2021, with a final legal maturity date of August 2044. The Variable Funding Notes bear interest at (i) the Base Rate (as defined) or (ii) the Eurodollar Rate (as defined) applicable to such Eurodollar interest accrual period for such advance, in each case except as otherwise provided in the definition of Eurodollar interest accrual period. The Variable Funding Notes require the Company to pay a commitment fee of 4.00% per

(dollar amounts in thousands)

annum and a commitment fee of 1.00% for unused commitments. Interest and other fees on the Variable Funding Notes are due quarterly in arrears. The Company had remaining availability of $0 under the Variable Funding Notes as of December 27, 2020.

The Series 2014-1 Class A-2 Secured Senior Notes bear interest at a rate of 4.846% per annum, payable quarterly in arrears. The Original Base Indenture governing the Senior Notes also includes scheduled quarterly principal payments of $1,375 on the Class A-2 Notes, which is calculated based on a 2.00% scheduled annual amortization. As of December 26, 2021, and December 27, 2020, the outstanding principal amount of the Class A-2 Notes was $0 and $240,625, respectively.

The Series 2015-1 Class A-2 Secured Senior Notes bear interest at a rate of 5.50% per annum, payable quarterly in arrears. The Original Base Indenture governing the Senior Notes also includes scheduled quarterly principal payments of $125 beginning in February 2016. As of December 26, 2021, and December 27, 2020, the outstanding principal amount of the Series 2015-1 Class A-2 Notes was $0 and $22,500, respectively.

The Series 2015-1 Class B Senior Subordinated Secured Notes bear interest at a rate of 9.00% per annum, payable quarterly in arrears. As of December 26, 2021, and December 27, 2020, the outstanding principal amount of the Series 2015-1 Class B Notes was $0 and $20,000, respectively.

The Series 2015-1 Class A-2 Secured Senior Notes and Series 2015-1 Class B Senior Subordinated Secured Notes were issued at discounts of approximately $2,084 and $2,700, respectively.

The terms of the Senior Notes were consistent with those described above for the Offered Notes.

The bifurcated derivative identified in the Original Base Indenture is no longer recognized as a result of the Company's pay-off of the Senior Notes from the proceeds of the Offered Notes financing described above. (see Note 1 (s) for additional information).

Payment Protection Program Loan

In April 2020, DW Restaurant Holder, LLC ("DWRH"), TW Restaurant Holder, LLC ("TWRH"), and HOA Restaurant Holder, LLC ("HRH"), subsidiaries of the Company entered into loan agreements in the amount of $7,004, 10,000, and 10,000 as part of the Paycheck Protection Program in the aggregate amount of $27,004 (the "Loans") under the CARES Act. The Loans were necessary to support ongoing operations of the Company due to the economic uncertainty resulting from COVID-19 pandemic and lack of access to alternative sources of liquidity.

The Loans are scheduled to mature two years from the date of each loan, the Loans bear interest at a rate of 1% per annum and are subject to the terms and conditions applicable to loans administered by the U.S. Small Business Administration ("SBA") under the CARES Act. The Paycheck Protection Program provides that the use of the Loan amount shall be limited to certain qualifying expenses and may be partially or wholly forgiven in accordance with the requirements set forth in the CARES Act. The Company used all of the loan proceeds toward qualifying expenses. In June 2021, the SBA approved the Company's application for full forgiveness of the Loans and paid-off all the Loans in full. As such, no principal or interest payments will ever be

(dollar amounts in thousands)

required for the Loans. The Company has recorded the Loans as long-term debt in its consolidated balance sheet at December 27, 2020 and related interest expense has been recorded to interest expense on its consolidated statement of operations for the year ended December 27, 2020.

The three loans totaling $27,004 were forgiven in 2021 and are reflected as other income in the consolidated financial statements for the year ended December 26, 2021.

Interest expense for the years ended December 26, 2021, and December 27, 2020, consists of the following:

	December 26, 2021	December 27, 2020
Series 2021-1 Class A-2 Senior Secured Notes	$ 4,615	$ -
Series 2021-1 Class B Senior Subordinated Secured Notes	1,057	-
Variable Funding Notes	671	1,165
Series 2014-1 Class A-2 Senior Secured Notes	7,465	11,734
Series 2015-1 Class A-2 Senior Secured Notes	792	1,245
Series 2015-1 Senior Class B Subordinated Secured Notes	1,160	1,790
Embedded Derivative	(8,500)	8,500
Amortization of debt issuance costs	1,370	1,176
Other	553	621
	$ 9,183	$ 26,231

Aggregate maturities of long-term debt obligations outstanding at December 26, 2021 are as follows:

2022	$ 2,750
2023	2,750
2024	2,750
2025	2,750
2026	303,313
Thereafter	-
	$ 314,313

10. Litigation

The Company is named as a defendant from time to time in litigation matters arising in the ordinary course of business, including dram shop claims, employment related claims, and claims from customers or employees alleging illness, injury, or other food quality, health, or operational wrongdoing. Such matters are subject to many uncertainties, and the related outcomes are remote or reasonably possible, but not estimable with reasonable assurance. In the opinion of management, none of these matters are expected to result in a settlement or judgement having a material adverse effect on the Company's financial position, results of operation, or liquidity.

(dollar amounts in thousands)

11. Related-Party Transactions

The Company leases 19 properties from various companies in which one of the minority investors in the Company is a majority owner of the property. The leases have varying expiration dates beginning in 2020 through 2034. Rent expense paid to these entities totaled $4,584 and $6,676 for the years ended December 26, 2021, and December 27, 2020, respectively. These expenses are included in other restaurant operating costs in the accompanying consolidated statements of operations. Future minimum lease payments on these leases totaled approximately $30,276 and $37,621 as of December 26, 2021, and December 27, 2020, respectively, and are included in the future minimum lease payments schedule in Note 9(a).

One of the investors, Chanticleer Holdings, LLC, is also a franchisee with locations in the state of Washington (USA), South Africa and United Kingdom. Royalties and National Marketing fees from these locations totaled $288 and $350 for the years ended December 26, 2021 and December 27, 2020, respectively.

The Company pays management fees to certain investors in the Company. The amount paid for the years ended December 26, 2021 and December 27, 2020 was $2,020 and $2,045, respectively.

For the year ended December 26, 2021, of the $2,020 amount paid, $1,500 relates to management fees and $520 relates to board compensation, which are included in selling, general, and administrative expenses in the accompanying consolidated statements of operations.

For the year ended December 27, 2020, of the $2,045 amount paid, $1,533 relates to management fees and $512 relates to board compensation, which are included in selling, general, and administrative expenses in the accompanying consolidated statements of operations.

12. Members' Equity

a. Membership Interests

1) *Class A Units*: On June 28, 2019, the Company issued 42,278 Class A Units. Each Class A Unit represents an interest in Hawk and shall be entitled to distributions and other rights. The Class A Units are redeemable at the holders' option upon a change of control. After nine years, the Class A Units are contingently redeemable upon Class A Unit holders exercising their put option. The Class A Units are also redeemable at the Company's option at any time. The redemption value of Class A Units is calculated based on the $1,000 preference amount as defined in the Hawk Parent Amended and Restated Limited Liability Company Operating Agreement ("LLC Agreement") which is increased by 12% annual interest compounded quarterly. As the events triggering redemption are not considered probable or are at the option of the Company, Class A Units are not accreted to their redemption value each reporting period. Class A Units do not have voting rights. To the extent the Company's Board of Managers elect to make a distribution to unitholders, such distributions will first be received by Class A members in an amount equal to the preference amount described above.

   In accordance with ASC 480, Distinguishing Liabilities from Equity, at each reporting period, the Company assessed the likelihood of whether changes existed whereby the put option mentioned above was considered mandatorily redeemable and should be considered a liability. No such changes in the Company's determination existed at December 27, 2020.

(dollar amounts in thousands)

On September 30, 2021, the Company exercised its call option as defined in the LLC Agreement to purchase all of the issued and outstanding Class A Units from the holders thereof. As a result, the Company paid $25,623 million for the assignment of Membership Interests in Class A Units back to the Company. There were no remaining Class A Units outstanding upon closing this transaction or as of December 26, 2021.

2) *Class B Units:* On June 28, 2019, the Company issued 4,711 Class B Units. Each Class B Unit represents an interest in Hawk and shall be entitled to distributions and other rights. Class B Units are nonredeemable and do not have voting rights. To the extent the Board of Managers of the Company elect to make a distribution to unitholders, such distributions will be received by Class B Units in an amount equal to the Preferred Participation Percentage as defined in the LLC Agreement.

3) *Class C Units:* On June 28, 2019, the Company issued 26,694 Class C Units. Each Class C Unit represents an interest in Hawk and shall be entitled to distributions and other rights. Class C Units have voting rights. In addition, pursuant to the LLC Agreement, the Company may issue options on the Class C Units in connection with the Management Option Plan (Option Plan). Such options will not constitute a limited liability company interest in the Company and the holders of such options shall not be members.

4) *Class D Units:* Pursuant to the LLC Agreement, the Company may issue Class D Units pursuant to the Management Incentive Plan (Incentive Plan). Class D Units are nonvoting Units which are considered profits interests. Refer to the Share-based Compensation Note below for more detail. To the extent the Board of Managers of the Company elects to make a distribution to unitholders, such distributions will be received by Class C and Class D members after required distributions are made to Class A and Class B unitholders.

b. Share-Based Compensation

The Company has adopted an Option Plan pursuant to which the Company may grant options to employees to purchase Class C Units and establish and implement a management option plan under which options to purchase Class C Units may be issued. A participant's option to purchase Class C Units will vest on the terms and conditions set forth in such Participant's Option Grant Notice. The number of grants that were awarded during the years ended December 26, 2021 and December 27, 2020 were 1,422 and 530, respectively.

The Company has also adopted an Incentive Plan. The maximum number of Class D Units available for grant under the Incentive Plan will be 3,489 minus the number of Class C Units delivered in satisfaction of awards under the Option Plan of the Company. A participant's Class D Units will vest on the terms and conditions set forth in such Participant's Award Agreement. The number of grants that were awarded during the years ended December 26, 2021 and December 27, 2020 were 0 and 2,399, respectively.

Compensation costs for both the Class C and Class D units ("share-based awards") are recognized over the awards' requisite service period. Compensation expense for the share-based awards for the year ended December 26,2021 was $2,116. Total unrecognized compensation expense at December 26, 2021 was $1,413.

(dollar amounts in thousands)

The grant-date fair value of each share-based award is estimated on the date of grant using the Black-Scholes-Merton option pricing model to estimate the fair value of the incentive units. The analysis was based on a number of assumptions, including but not limited to: (1) management's income statement and balance sheet forecasts, (2) management's current understanding of unit allocations based on available grant agreements, (3) an estimated exit multiple, (4) probability-weighted exit dates, using management's forecast and estimated exit multiple. Each scenario was then discounted according to the chosen WACC discount rate. Lastly a designated probability was then assigned to each exit scenario, whereby management could estimate the value available to the unitholders as of December 26, 2021.

	Number of Units	Fair Value at Grant Date	Weighted Weighted Average Remaining Contractual Term (years)
Balance at December 27, 2019	-	$ 1,000	2.71
Share-based awards granted	2,929	1,000	3.52
Forfeited	(740)	1,000	1.99
Balance at December 26, 2020	2,189	1,000	2.71
Share-based awards granted	1,422	1,000	3.52
Forfeited	(325)	1,000	1.99
Balance at December 26, 2021	3,286	1,000	2.80
Exercisable at December 26, 2021	2,649	1,000	2.73

13. Defined-Contribution Plans

The Company has a defined-contribution 401(k) plan whereby eligible employees may contribute pretax wages in accordance with the provisions of the plan. Any company match is discretionary in accordance with the plan documents. No employer match has been made for the year ended December 26, 2021 or December 27, 2020. Matching contributions of $169 were made during the Predecessor period ended June 27, 2019, respectively. The Company's management team and certain other individuals are eligible to participate in the Company's Highly Compensated Employee Plan, which allows these employees to contribute a portion of their compensation into their deferred compensation account. The Company has provided a discretionary match of 25% of the employee's elective deferral, up to a maximum contribution amount of 6% of their compensation. There were no Company contributions to this plan during 2021 or 2020.

(dollar amounts in thousands)

14. Subsequent Event

The Company has evaluated subsequent events from the balance sheet date through April 25, 2022, the date at which the consolidated financial statements were available to be issued.

On March 9, 2022, HOA Funding, LLC, a subsidiary of the Company, entered into a $70,000 financing agreement, maturing on March 9, 2027.

During April 2022, the Company paid a dividend in the amount of $57,145 to certain equity members of the Company.

No other significant matters were identified impacting the Company's financial position or requiring further disclosure.

EXHIBIT G

STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

OUR REGISTERED AGENT IN THE STATE OF GEORGIA IS:

CT CORPORATION SYSTEM 280 S. CULVER ST.
LAWRENCEVILLE, GA 30046

STATE	AGENCY	PROCESS, IF DIFFERENT
California	Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 Sacramento 2101 Arena Blvd. Sacramento, CA 95834 San Diego 1350 Front Street San Diego, CA 92101 San Francisco One Sansome Street, Suite 600 San Francisco, CA 94104 1-866-275-2677 or (213) 576-7500	Commissioner of Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013
Hawaii	Securities Examiner 1010 Richards Street Honolulu, HI 96813	
Illinois	Franchise Division Office of Attorney General 500 South Second Street Springfield, IL 62706	
Indiana	Franchise Section Indiana Securities Division Secretary of State, Room E-111 302 W. Washington Street Indianapolis, Indiana 46204	Administrative Office of the Secretary of State 201 State House Indianapolis, Indiana 46204
Maryland	Office of Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021	Maryland Securities Commissioner 200 St. Paul Place Baltimore Maryland 21202-2021
Michigan	Consumer Protection Division Franchise Section Michigan Department of Attorney General 670 G. Mennen Williams Building 525 West. Ottawa Lansing, Michigan 48933	
Minnesota	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1500	

STATE	AGENCY	PROCESS, IF DIFFERENT
New York	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, New York 10005	New York Secretary of State 99 Washington Avenue Albany, New York 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth FL, Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712	
Oregon	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310	
Rhode Island	Division of Securities 1511 Pontiac Avenue John O. Pastore Complex-Building 69-1 Cranston, RI 02920 (401) 462-9585	
South Dakota	Department of Labor and Regulation Division of Securities 445 E. Capitol Avenue Pierre, SD 57501 (605) 773-4823	
Virginia	Ronald W. Thomas, Administrator State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219	Clerk State Corporation Commission 1300 East Main Street Richmond, VA 23219
Washington	State of Washington Securities Administrator 150 Israel Rd., S.W. Tumwater, WA 98501	
Wisconsin	Securities and Franchise Registration Division of Securities, 4th Floor 345 W. Washington Avenue Madison, Wisconsin 53703	

EXHIBIT H

STATE ADDENDA TO DISCLOSURE DOCUMENT

ADDENDUM TO THE HOOTS FRANCHISING, LLC
CALIFORNIA DISCLOSURE DOCUMENT

1. The following paragraphs are added to the Disclosure Document:

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF OUR WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

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.

THE ANTITRUST LAW SECTION OF THE OFFICE OF THE CALIFORNIA ATTORNEY GENERAL VIEWS MINIMUM OR MAXIMUM PRICE AGREEMENTS AS PER SE VIOLATIONS OF THE CARTWRIGHT ACT.

2. The following paragraphs are added at the end of Item 17 of the Disclosure Document under regulations promulgated under the California Franchise Investment Law:

California Law Regarding Termination and Non-renewal. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees 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.

Post-Termination Non-competition Covenants. The Franchise Agreement contains a covenant not to compete that extends beyond the termination of the respective agreement. These provisions may not be enforceable under California law.

Applicable Law. The Franchise Agreement requires application of the laws of the State of Georgia. These provisions may not be enforceable under California law.

3. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

4. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

5. None of the franchisor, any person or franchise broker in Item 2 of the FDD 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.

6. The highest interest rate allowed by law in California is 10% annually.

7. No statement, questionnaire, or acknowledgment 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 THE HOOTS FRANCHISING, LLC
ILLINOIS DISCLOSURE DOCUMENT

1. Illinois law governs the Franchise Agreement(s). Under Illinois law, a franchise agreement may not provide for a choice of law of any state other than Illinois. Accordingly, Items 17(v) and (w) are amended to state "none."

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 on termination and non-renewal are stated 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. The franchise agreement will become effective on its acceptance and signing by us in the State of Georgia.

6. No statement, questionnaire, or acknowledgment 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 THE HOOTS FRANCHISING, LLC
MARYLAND DISCLOSURE DOCUMENT

1. Item 17 is amended by adding the following language:

The general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise and/or development rights.

2. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

3. No statement, questionnaire, or acknowledgment 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 THE HOOTS FRANCHISING, LLC
MINNESOTA DISCLOSURE DOCUMENT

1. Item 13 of the Disclosure Document is amended to provide the following:

   We will protect your right to use our trademark, service marks, trade names, logotypes or other commercial symbols and indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding your authorized use of the same.

2. Item 17, summary column for (f) is amended to add the following:

   With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5 that require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure), and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

3. Item 17, summary column for (m) is amended to add the following:

   Any release signed as a condition of transfer will not apply to any claims you may have under the Minnesota Franchise Act.

4. Item 17, summary columns for (v) and (w) are amended to add the following:

   Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring wavier of jury trial, or requiring that you consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce 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.

5. Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability under Minnesota Statutes 80C.01 through 80C.22. The Franchise Agreement contains provisions requiring a general release as a condition of renewal or transfer of a franchise. This release will exclude claims arising under Minnesota Statutes 80C.01 through 80C.22. In addition, no representation or acknowledgement by you in the Franchise Agreement is intended to or will act as a release, assignment, novation or waiver that would relieve any person from liability under Minnesota Statutes 80C.01 through 80C.22.

6. You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rule 2860.4400J. Also, a court will determine if a bond is required.

7. Any limitations of claims sections must comply with Minnesota Statutes, Section 80.17, Subdivision 5.

8. No statement, questionnaire, or acknowledgment 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 THE HOOTS FRANCHISING, LLC
NEW YORK DISCLOSURE DOCUMENT

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL ON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE STATED IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, that are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities

exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling that person from membership in the association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer"**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), titled **"Termination by franchisee"**:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "**Assignment of contract by franchisor"**:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. The following is added to the "Summary" section of Item 17(v), titled **"Choice of forum"** and Item 17(w), titled "**Choice of law**":

The foregoing choice of law should not be considered a waiver of any right conferred on us or you by Article 33 of the General Business Law of the State of New York.

9. No statement, questionnaire, or acknowledgment 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 THE HOOTS FRANCHISING, LLC
NORTH DAKOTA DISCLOSURE DOCUMENT

1. The Summary column of Item 17 paragraph (c) of the Disclosure Document is modified to read as follows:

Give us at least 90 days notice of your intention to renew, sign our current form of franchise agreement and ancillary agreements, sign a release (except for matters coming under the North Dakota Franchise Investment Law (the "**ND Law**").

2. The Summary column of Item 17 paragraph (r) of the Disclosure Document is modified by adding the following at the end of the sentence:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

3. The Summary column of Item 17 paragraph (v) of the Disclosure Document is amended to read as follows:

Except for matters coming under the North Dakota Law, litigation must be in Georgia

4. The Summary column of Item 17 paragraph (w) of the Disclosure Document is amended to read as follows:

Except for matters coming under the North Dakota Law, the law of Georgia applies (subject to state law).

5. The Franchisee is not required to waive jury trial for any matters coming under North Dakota Law.

6. No statement, questionnaire, or acknowledgment 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 THE HOOTS FRANCHISING, LLC
RHODE ISLAND DISCLOSURE DOCUMENT

Item 17, summary columns for (v) and (w) are amended to add the following:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

No statement, questionnaire, or acknowledgment 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 THE HOOTS FRANCHISING, LLC
VIRGINIA DISCLOSURE DOCUMENT

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

1. 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 ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising At o the laws of Virginia, that provision may not be enforceable.

   No statement, questionnaire, or acknowledgment 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 THE HOOTS FRANCHISING, LLC
WASHINGTON DISCLOSURE DOCUMENT

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 us including the areas of termination and renewal of your franchise. There may also be court decisions that may supersede the franchise agreement in your relationship with us including the areas of termination and renewal of your franchise.

3. In any arbitration involving a franchise purchased in Washington, the arbitration site will be either in the state of Washington, or in a place mutually agreed on at the time of the arbitration, 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 signed by a franchisee will not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when signed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those that unreasonably restrict or limit the statute of limitations period for claims under the Act, or 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 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 in the franchise agreement or elsewhere are void and unenforceable in Washington.

8. No statement, questionnaire, or acknowledgment 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 I

STATE EFFECTIVE DATES PAGE

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Pending
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 J

RECEIPTS

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Hoots Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Hoots Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the applicable state agency listed on Exhibit G to this disclosure document.

Hoots Franchising, LLC's sales agent for this offering is Michael Arrowsmith, 1815 The Exchange, Atlanta, Georgia 30339, 770-951-2040; and _____.

Issuance date: April 24, 2023

I received a disclosure document dated April 24, 2023 (with the effective dates in franchise registration states as noted on Exhibit I) that included the following Exhibits:

A. Franchise Agreement and related agreements
B. Development Agreement and related agreements
C. Other Agreements:
   - General Release
   - Software and Apps Agreement
   - Third-Party Delivery Agreement
   - Pepsi Agreement
   - Red Bull Agreement
   - Bylaws of Collaborative Purchasing Organization (CPO)
   - CPO Membership Agreement
   - Statement of Prospective Franchisee

D. Tables of Contents of Manuals
E. List of Franchisees
F. Financial Statements
G. State Agencies/Agents for Service of Process
H. State Addenda to Disclosure Document
I. State Effective Dates Page
J. Receipts

_____ Date
_____ Date

Our Copy: Please sign, date, and return to us.

_____
Signature of Prospective Franchisee

_____
Print Name

_____
Signature of Prospective Franchisee

_____
Print Name

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Hoots Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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D. Tables of Contents of Manuals
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F. Financial Statements
G. State Agencies/Agents for Service of Process
H. State Addenda to Disclosure Document
I. State Effective Dates Page
J. Receipts

_____ Date

_____ Date

Your Copy: Please sign, date, and keep in your records.

_____
Signature of Prospective Franchisee

_____
Print Name

_____
Signature of Prospective Franchisee

_____
Print Name