
FRANCHISE DISCLOSURE DOCUMENT



Al's Hot Chicken Franchising, LLC
A Delaware limited liability company
1663 Sawtelle Blvd, Suite 200,
Los Angeles, CA 90025
424-535-3353
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www.alshotchicken.com

As an Al's Hot Chicken franchisee, you will operate a fast-casual restaurant offering fried chicken, sandwiches, tenders, and wings made from fresh, never frozen, all natural, hormone and antibiotic-free Halal chicken.

The total investment necessary to begin operation of an Al's Hot Chicken franchise is \$193,350 to \$458,900. This includes \$30,000 for the initial franchise fee and \$7,100 to \$7,400 for the purchase of sauces and spice blends that must be paid to the franchisor or affiliate. The total investment necessary to begin operation under a three- to five-unit Multi-Unit Development Agreement (including the first unit) is \$244,350 to \$563,900. This includes \$87,100 to \$137,400 that must be paid to the franchisor. There is no minimum number of Al's Hot Chicken units that you are required to develop under the Multi-Unit Development Agreement.

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, please contact Abdal Almasri at 1663 Sawtelle Blvd, Suite 200, Los Angeles, CA 90025 and 424-535-3353.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC- HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW. Washington, 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.

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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 H.
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 Al's Hot Chicken business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be an Al's Hot Chicken franchisee?	Item 20 or Exhibit H lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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 arbitration or litigation only in California. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in California than in your own state.
2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Franchisor Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
4. **Spousal Liability.** Your spouse must sign a document such, such as a guarantee, that makes your spouse liable for your financial obligations under the franchise agreement even if your spouse does not own any part of the franchise business. If you live in a community property state, your spouse may be liable for your financial obligations even if he or she has not signed anything. In either case, both you and your spouse's marital and personal assets, including your house, could be lost 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.

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Exhibits

- A. State Administrators and Agents for Service of Process
 - B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
 - C. Multi-Unit Development Agreement
 - D. Rider to Lease Agreement
 - E. Form of General Release
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Receipts (2 copies)

Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

In this disclosure document, “we”, “us,” or “our” refers to Al’s Hot Chicken Franchising, LLC. “You” means the person to whom we grant a franchise. If you are a corporation, limited liability company, or other entity, each owner of the franchise entity must sign our Guaranty and Non-Compete Agreement, which means that all of the franchise agreement’s provisions also will apply to your owners.

Us, Any Parents, and Certain Affiliates

Our name is Al’s Hot Chicken Franchising, LLC. Our principal business address is 1663 Sawtelle Blvd, Suite 200, Los Angeles, California 90025. We do not have any parent entities.

We do not have any affiliates that offer franchises in any line of business or provide products or services to our franchisees except the following: Our affiliate, AHC Spice Company, LLC (“AHC”), provides spice blends, sauces, and other food products to our locations and franchised locations. This business is located at 1976 S. La Cienega Blvd #C-977, Los Angeles, California 90034 and was formed during April 2021.

Our Predecessors

We do not have any predecessors.

Our Business Name

We use the names “Al’s Hot Chicken Franchising, LLC” and “Al’s Hot Chicken”. We do not intend to use any other names to conduct business.

Agent for Service of Process

Our agent for service of process in Delaware is A Registered Agent, Inc., and the agent’s principal business address is 8 The Green, Ste A, Dover, Delaware 19901. Our agents for service of process in other states are disclosed in Exhibit A.

Business Organization

We are a Delaware limited liability company. We were formed on February 17, 2021.

Information About Our Business and the Franchises Offered

We do not operate businesses of the type being franchised, but we have affiliates which do.

We do not have any other business activities. We have not offered franchises in other lines of business.

If you sign a franchise agreement with us, you will develop and operate a fast-casual restaurant offering chicken, sandwiches, tenders, and wings made from fresh, never frozen, all natural, hormone and antibiotic-free Halal chicken, under the trade name Al's Hot Chicken.

If you sign a Multi-Unit Development Agreement (attached as Exhibit C to this disclosure document), you will develop multiple Al's Hot Chicken outlets, on an agreed-upon schedule. For each future unit franchise, we will require you to sign our then-current form of franchise agreement, which may be different from the form of franchise agreement included in this disclosure document.

We operate in the fast-casual fried chicken restaurant market that is well-developed, mature, and competitive. Our products and services are offered year-round.

You will compete for customers with independent owners, national chains, regional chains, and franchised businesses, offering chicken menu items.

Laws and Regulations

The following laws and regulations are specific to our industry.

The restaurant industry has certain laws and regulations specific to it. The U.S. Food and Drug Administration, the U.S. Department of Agriculture, and various state and local health departments administer and enforce laws and regulations that govern food preparation and service, waste disposal, and sanitary conditions. State and local agencies inspect restaurants for compliance with these requirements. Certain provisions of these laws impose limits on emissions resulting from commercial food preparation. Some states have also adopted or are considering proposals to regulate indoor air quality.

The menu labeling provisions of the Patient Protection and Affordable Health Care Act require restaurant chains with 20 or more units to post caloric information on menus and menu boards, and to provide additional written nutrition information available to consumers upon request. For smaller chains, some states and local governments may require you to comply with laws relating to the labeling that is included on your menus, menu boards, and related materials. Some state and local authorities have also adopted, or are considering adopting, laws or regulations that would affect the content or make-up of food served in restaurants, such as the level of trans-fat contained in a food item.

Operation of an Al's Hot Chicken will require you to be aware of federal, state, and local regulations that are common to all businesses and those laws specifically applicable to the restaurant business, including laws pertaining to food handling and safety, liquor, food labeling, sanitation, and weights and measurements, if applicable. You should also be aware of federal, state, and local employment laws and regulations, specifically including minimum wage and wage requirements. In addition, you may be required to obtain restaurant, business, occupational, food handling and other miscellaneous licenses. Some states also have laws regarding who may secure these licenses. You should consult with your own advisors and the government agencies for information on how these laws apply to you. Local law requirements vary by location.

You should consult with a legal advisor about legal requirements that may apply to your business.

Prior Business Experience

Our affiliate, L.A. Gourmet, LLC operates a location of the type of business being franchised since December 2019. This affiliate is located at 10821 Venice Blvd, Los Angeles, CA 90034.

Our affiliate, CC Gourmet LLC, operates a location of the type of business being franchised since October 2020. The business is located at 14518 Ventura Boulevard, Sherman Oaks, CA 91403.

Our affiliate, Hot Chicken LLC, operates a location of the type of business being franchised since October, 2022. The business is located at 2102 Mildred St W., University Place, WA 98466.

Item 2 BUSINESS EXPERIENCE

Abdal Almasri CEO, Al's Hot Chicken Franchising, LLC. Abdal Almasri has been our CEO since our founding in February 2021. He has also been the CEO of New Hype, LLC, DBA Al's Hot Chicken in Los Angeles, California, since 10/2020. Since 4/13/2021, he has been Managing Member of AHC Spice Company, LLC. Since 12/2019, he has been Managing Member of L.A. Gourmet, LLC. Prior to this, he served as Owner of Shawarma Land from 7/2017 to 7/2019 in Los Angeles, CA and since 2/2009, he was CEO of LA Mailboxes N' More also in Los Angeles, CA.

Mohamed-Nazim Gomri- Al's Hot Chicken Franchising, LLC. Mohamed-Nazim Gomri has been our Vice President of Operations since our founding in February 2021. He has also been the Vice President of Operations for New Hype, LLC, DBA Al's Hot Chicken in Los Angeles, California, since 10/2020. Since 2/2021, Mr. Gomri has held the position of Enterprise Business Development Consultant and International Relations with Altametrics in Los Angeles, CA. From 2/2017 to 9/2019, he was the CEO of Al Madina Pastry in Los Angeles, CA and from 4/2016 to 1/2017, he was a Manager with Embark Group, Inc also in Los Angeles, CA.

Item 3 LITIGATION

In the Matter Determining whether there was a violation of the Franchise Investment Act of Washington by Al's Hot Chicken Franchising, LLC, before the State of Washington Department of Financial Institutions ("WA DFI") Securities Division. As a result of an investigation into our franchise related activities, the WA DFI Securities Division concluded that grounds exist to allege that we violated the registration provision of the Franchise Investment Protection Act of Washington in relation to the offer and sale of a single Al's Hot Chicken franchise. We have acknowledged that, during the time we were not registered to offer and sell franchises in Washington, we offered and entered into an agreement in Washington, which the WA DFI Securities Division concluded constituted the unlawful offer and/or sale of a franchise. On August 31, 2023, we entered into a consent order with the WA DFI

Securities Division whereby we agreed to cease and desist from the offer and sale of franchises in violation of the Franchise Investment Protection Act of Washington and pay administrative investigation costs.

Other than the forgoing, no litigation is required to be disclosed in this Item.

Item 4 BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

Item 5 INITIAL FEES

Franchise Fee

When you sign your franchise agreement, you must pay us \$30,000 as the initial franchise fee. This fee is uniform and is not refundable.

Sauces and Spice Blends

Prior to the opening of your business, you must purchase certain sauces and spice blends from our affiliate, AHC. We estimate that the amount of these purchases through the first three months of the operation of your business is between \$7100 and \$7400. You will also be required to purchase these sauces and spice blends from AHC on an ongoing basis (see Item 8 for more details).

Multi-Unit Development

If you and we agree that you will develop multiple franchises, then you will sign our Multi-Unit Development Agreement (“MUDA”) in the form of Exhibit C to this disclosure document. Your franchise fees will be reduced to \$25,000 for each franchise after the first franchise. You will pay all franchise fees upon signing the MUDA. These fees are uniform and are not refundable.

Item 6 OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty	5% of your gross sales	Weekly, on Tuesday	See Notes 1, 2 and 3.
Marketing Fund Contribution	2% of your gross sales	Weekly, on Tuesday	See Notes 1, 2, and 3. We have not yet started a Marketing Fund

Type of Fee	Amount	Due Date	Remarks
Market Cooperative Contribution	As determined by co-op. Currently, none.	Weekly, on Tuesday	We have the right to establish local or regional advertising cooperatives. The maximum contribution that a co-op may require is 5% of gross sales.
Replacement / Additional Training fee	Currently, \$5,000	Prior to attending training	If you send a manager or other employee to our training program after you open, we will charge our then-current training fee.
Software subscription	Currently, \$150-\$250 per month	Monthly	We require you to use certain software as described in Item 11. You pay subscription fees directly to the software supplier, and not to us.
Non-compliance fee	\$500	On demand	We may charge you \$500 if your business is not in compliance with our system specifications or the franchise agreement and you fail to correct the non-compliance after 30 days' notice. Thereafter, we may charge you \$250 per week until you correct such non-compliance.
Reimbursement	Amount that we spend on your behalf, plus 10%	Within 15 days of invoice	If we pay any amount that you owe or are required to pay to a third party, you must reimburse us.
Late fee	\$100 plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law)	On demand	We may charge a late fee if you fail to make a required payment when due.
Insufficient funds fee	\$30 (or, if such amount exceeds the maximum allowed by law, then the maximum allowed by law)	On demand	We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account.
Costs of collection	Our actual costs	As incurred	Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us.

Type of Fee	Amount	Due Date	Remarks
Special support fee	Our then-current fee, plus our expenses. Currently, \$600 per day.	On demand	If we provide in-person support to you in response to your request, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).
Customer complaint resolution	Our expenses		We may take any action we deem appropriate to resolve a customer complaint about your business. If we respond to a customer complaint, we may require you to reimburse us for our expenses.
Records audit	Our actual cost	On demand	Payable only if (1) we audit you because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that you under-reported gross sales by more than 3% for any 4-week period.
Special inspection fee	Currently \$600, plus our out-of-pocket costs	On demand	Payable only if we conduct an inspection of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification.
Non-compliance cure costs and fee	Our out-of-pocket costs and internal cost allocation, plus 10%	When billed	We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee.
Transfer fee	\$5,000	When transfer occurs	Payable if you sell your business. (subject to state law)
Renewal fee	\$25,000	Upon renewal	Instead of paying the initial franchise fee, upon renewal of your franchise agreement you will pay the reduced renewal fee.
Liquidated damages	An amount equal to royalty fees and marketing fund contributions for the lesser of (i) 2 years or (ii) the remaining weeks of the franchise term.	On demand	Payable if we terminate your franchise agreement because of your default, or if you terminate the franchise agreement without the right to do so.

Type of Fee	Amount	Due Date	Remarks
Indemnity	Our costs and losses from any legal action related to the operation of your franchise	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your franchise (unless caused by our misconduct or negligence).
Prevailing party's legal costs	Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party	On demand	In any legal proceeding (including arbitration), the losing party must pay the prevailing party's attorney fees, court costs and other expenses.

All fees are payable only to us (other than software subscription charges). All fees are imposed by us and collected by us (other than software subscription charges). All fees are non-refundable. All fees are uniform for all franchisees. There are currently no marketing cooperatives, purchasing cooperatives, or other cooperatives that impose fees on you.

Notes

1. "Gross Sales" is defined in our franchise agreement as the total dollar amount of all sales generated through your business for a given period, including, but not limited to, payment for any services or products sold by you, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected, (iii) sale of used equipment not in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales). Service gratuities directed by customers to employees are not counted towards Gross Sales.

2. You must report your gross sales to us each week. If you fail to report your gross sales, we will withdraw estimated royalty fees and marketing fund contributions based on 125% of the most recent gross sales you reported. We will true-up the actual fees after you report gross sales.

3. We currently require you to pay royalty fees and other amounts due to us by pre-authorized bank draft. However, we can require an alternative payment method.

Item 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT - FRANCHISE AGREEMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial franchise fee (see Note 1)	\$30,000 - \$30,000	Check or wire transfer	Upon signing the franchise agreement	Us
Required Sauces and Spice Blends	\$7,100 - \$7,400	Check, debit, and/or credit	As incurred or when billed	Our affiliate
Rent and Lease Security Deposit (see Note 2)	\$2,100 - \$24,000	Check	Upon signing lease	Landlord
Utilities	\$1,000 - \$3,000	Check, debit, and/or credit	Upon ordering service	Utility providers
Leasehold Improvements	\$75,000 - \$250,000	Check	As incurred or when billed	Contractors
Market Introduction Program	\$5,000 - \$10,000	Check, debit, and/or credit	As incurred or when billed	Vendors and suppliers
Furniture, Fixtures, and Equipment	\$35,000 - \$70,000	Check, debit, and/or credit	As incurred	Vendors and suppliers
Computer Systems	\$1,500 - \$3,000	Check, debit, and/or credit	As incurred	Vendors and suppliers
Insurance	\$400 - \$3,000	Check	Upon ordering	Insurance company
Signage	\$3,000 - \$8,000	Check, debit, and/or credit	Upon ordering	Vendor
Office Expenses	\$500 - \$1,000	Check, debit, and/or credit	As incurred	Vendors
Inventory (see Note 3)	\$2,250 - \$3,500	Check, debit, and/or credit	Upon ordering	Us, Vendors
Licenses and Permits	\$1,000 - \$2,000	Check	Upon application	Government
Professional Fees (lawyer, accountant, etc.)	\$1,500 - \$3,000	Check, debit, and/or credit	As incurred or when billed	Professional service firms
Travel, lodging and meals for initial training	\$3,000 - \$6,000	Cash, debit, or credit	As incurred	Airlines, hotels, and restaurants
Additional funds (for first 3 months) (see Note 3)	\$25,000 - \$35,000	Varies	Varies	Employees, suppliers, utilities

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Total	\$193,350 - \$458,900			

YOUR ESTIMATED INITIAL INVESTMENT - MULTI UNIT DEVELOPMENT AGREEMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
First franchise (see table above)	\$193,350 - \$458,900	Varies	Varies	Varies
Additional initial franchise fees (see Note 4)	\$50,000 - \$100,000	Check or wire transfer	Upon signing the MUDA	Us
Business planning and miscellaneous expenses	\$1,000 - \$5,000	Check	As incurred	Vendors and suppliers
Total	\$244,350 - \$563,900			

Notes

1. Your lease security deposit and utility deposits will usually be refundable unless you owe money to the landlord or utility provider. None of the other expenditures in this table will be refundable. Neither we nor any affiliate finances any part of your initial investment.

2. A typical franchised restaurant has 1,000 to 1,500 square feet. Our estimates in this table assume you pay one month rent plus a security deposit before you open for business. For this to occur, you would need to negotiate a “free rent” period for the time it takes to build out your business. We expect that you will rent your location. If you choose to purchase real estate instead of renting, your costs will be significantly different.

3. The initial inventory purchase will primarily be made through third party, approved vendors. This does not include the purchase of sauces or spice blends from AHC, our affiliate.

4. This includes any other required expenses you will incur before operations begin and during the initial period of operations, such as payroll, additional inventory, rent, and other operating expenses in excess of income generated by the business. It does not include any salary or compensation for you. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the development of an Al’s Hot Chicken business by our affiliate, and our general knowledge of the industry.

5. This estimate assumes you sign a Multi-Unit Development Agreement for three to five franchises. The franchise fee for your first unit is counted in the “Estimated Initial Investment – Franchise Agreement” table. Your initial franchise fees are reduced to \$25,000 for the second and each additional franchise. You will pay all franchise fees upon signing the MUDA.

Item 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Generally

We have the right to require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your business (1) either from us or our designee, or from suppliers approved by us, or (2) according to our specifications.

Specific Obligations

The following are our current specific obligations for purchases and leases:

A. Real Estate. Your business location is subject to our approval and must meet our specifications. You must use reasonable efforts to have your landlord sign our form of Rider to Lease Agreement (attached to this disclosure document as Exhibit D).

B. Insurance. You must obtain insurance as described in the Franchise Agreement and in our Brand Standards Manual, which includes (i) “Special” causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible); (ii) Business interruption insurance covering at least 12 months of income; (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an “occurrence” policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit, (iv) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000, and (v) Workers Compensation coverage as required by state law. Your policies (other than Workers Compensation) must list us and our affiliates as an additional insured, must include a waiver of subrogation in favor of us and our affiliates, must be primary and non-contributing with any insurance carried by us or our affiliates, and must stipulate that we receive 30 days’ prior written notice of cancellation.

C. Point-of-sale software and hardware, and related software and hardware. You must purchase (or lease) the point-of-sale software and hardware, and related software and hardware, that we specify. See Item 11 for more details.

D. Inventory, Supplies and Equipment. You must purchase the specified equipment, supplies and food products from the approved vendors which we specify. You will be required to purchase sauces and blended spices for several of our menu items from our Affiliate, AHC Spice Company, LLC. All of your other food, beverage, and other inventory purchases must meet our specifications and be purchased only from approved suppliers. You may be required to use a distributor that we approve, such as Sysco.

E. Delivery Services. You must utilize such delivery services as we require.

Us or our Affiliates as Supplier

Our affiliate, AHC is currently a supplier of the spice blends which you must purchase as part of the franchised business operations. Outside of this requirement, there are currently no required purchases which must be made from us or our affiliates.

Ownership of Suppliers

Our CEO, Abdal Almasri, has an ownership interest in AHC. Outside of this, none of our officers own any interest in any suppliers to our franchisees.

Alternative Suppliers

If you want to use a supplier that is not on our list of approved suppliers, you must request our approval in writing. We have the sole discretion to approve or reject an alternative supplier. We may condition our approval on criteria we deem appropriate, such as evaluations of the supplier's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Our criteria for approving suppliers are not available to you. We permit you to contract with alternative suppliers who meet our criteria only if you request our approval in writing, and we grant approval. There is no fee for us to review or approve an alternate supplier. We will provide you with written notification of the approval or disapproval of any supplier you propose within 30 days after receipt of your request. We may grant approvals of new suppliers or revoke past approvals of suppliers on written notice to you, or by updating our Manual.

Issuing Specifications and Standards

We issue specifications and standards to you for applicable aspects of the franchise in our Manual and/or in written directives. We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our Manual and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to) issue new or revised specifications only after testing in our headquarters, in company-owned outlets, and/or a limited market test in multiple units.

Revenue to Us and Our Affiliates

We will derive revenue from the required purchases and leases by franchisees. Because we are a new franchisor, our total revenue in the prior fiscal year was \$0. Our revenue from all required purchases and leases of products and services by franchisees in the prior fiscal year was \$0. The percentage of our total revenues that were from required purchases or leases in the prior fiscal year was 0%.

Proportion of Required Purchases and Leases

We estimate that the required purchases and leases to establish your business are 50% to 80% of your total purchases and leases to establish your business.

We estimate that the required purchases and leases of goods and services to operate your business are 50% to 80% of your total purchases and leases of goods and services to operate your business.

Payments by Designated Suppliers to Us

We do not currently receive payments from any designated suppliers based on purchases by you or other franchisees. However, the franchise agreement does not prohibit us from doing so.

Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists.

Negotiated Arrangements

We currently do not negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees except that we have negotiated pricing on raw chicken. However, this is subject to change. We may eliminate this negotiated pricing, and we may add to, delete, or amend any purchase arrangements in the future.

Benefits Provided to You for Purchases

We do not provide any material benefit to you based on your purchase of particular goods or services, or your use of particular suppliers.

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 agreement	Disclosure document item
a. Site selection and acquisition/lease	Franchise Agreement (FA): §§ 6.1, 6.2 Multi-Unit Development Agreement (MUDA): Not Applicable	Item 11
b. Pre-opening purchase/leases	FA: §§ 6.2, 6.3 MUDA: Not Applicable	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	FA: Article 6 MUDA: §§1(a), 3	Items 5, 7, 8 and 11
d. Initial and ongoing training	FA: §§ 5.2, 6.4, 7.6	Items 5, 6, 8 and 11

Obligation	Section in agreement	Disclosure document item
	MUDA: Not Applicable	
e. Opening	FA: §§ 6.5, 6.6 MUDA: §1(a)	Items 7, 8 and 11
f. Fees	FA: Article 4, §§ 5.3, 7.8, 8.4, 10.5, 11.2, 11.3, 14.5, 15.2, 16.1, 17.6 MUDA: §1(a)	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	FA: §§ 6.3, 7.1, 7.3, 7.5, 7.9 – 7.13, 7.15, 9.1, 10.1, 10.4, 11.1 MUDA: Article 1	Items 8, 11 and 14
h. Trademarks and proprietary information	FA: Article 12, § 13.1 MUDA: Not Applicable	Items 13 and 14
i. Restrictions on products/services offered	FA: § 7.3 MUDA: Not Applicable	Items 8, 11 and 16
j. Warranty and customer service requirements	FA: §§ 7.3, 7.8, 7.9 MUDA: Not Applicable	Item 8
k. Territorial development and sales quotas	FA: § 2.2 MUDA: §1(a), 4(ii)	Item 12
l. Ongoing product/service purchases	FA: Article 8 MUDA: Not Applicable	Items 6 and 8
m. Maintenance, appearance, and remodeling requirements	FA: §§ 3.2, 7.12, 7.13 MUDA: Not Applicable, 15.2	Items 6, 7 and 8
n. Insurance	FA: § 7.15 MUDA: Not Applicable	Items 6, 7 and 8
o. Advertising	FA: Article 9 MUDA: Not Applicable	Items 6, 7, 8 and 11
p. Indemnification	FA: Article 16 MUDA: Not Applicable	Items 6 and 8
q. Owner's participation/management/staffing	FA: § 2.4 MUDA: Not Applicable	Items 15

Obligation	Section in agreement	Disclosure document item
r. Records and reports	FA: Article 10 MUDA: Not Applicable	Item 11
s. Inspections and audits	FA: §§ 10.5, 11.2 MUDA: Not Applicable	Items 6 and 11
t. Transfer	FA: Article 15 MUDA: Article 7	Items 6 and 17
u. Renewal	FA: § 3.2 MUDA: Not Applicable	Item 17
v. Post-termination obligations	FA: Article 13, § 14.3 MUDA: Not Applicable	Item 17
w. Non-competition covenants	FA: § 13.2 MUDA: Not Applicable	Item 17
x. Dispute resolution	FA: Article 17 MUDA: Article 7	Items 6 and 17

Item 10 FINANCING

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

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

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

Our Pre-Opening Obligations

Before you open your business:

A. *Your site.* We will review and advise you regarding potential locations that you submit to us. (Section 5.2). If you sign a Multi-Unit Development Agreement, we will approve the location of future sites and territories for those sites, and our then-current standards for sites and territories will apply. We are not obligated to further assist you in locating a site or negotiating the purchase or lease of the site.

(i) We generally do not own your premises and lease it to you.

- (ii) If your site is not already known and approved by us when you sign your franchise agreement, then we and you will specify in your franchise agreement the area in which you must select a site (Franchise Agreement, Summary Page). We do not select your site. You must find a potential site and submit your site to us for approval, together with all information and documents about the site that we request. When we accept a site, we will issue a Location Acceptance Letter (in the form of Attachment 2 to the Franchise Agreement).
- (iii) The factors we consider in approving sites are general location and neighborhood, competition, trade area demographics, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms.
- (iv) The time limit for us to approve or disapprove your proposed site is 30 days after you submit all of our required documents and information. (Section 6.1). If we and you cannot agree on a site, you will be unable to comply with your obligation to develop and open the franchise by the deadline stated in the franchise agreement. Unless we agree to extend the deadline, you will be in default and we may terminate your franchise agreement.
- (v) We are not obligated to assist you in conforming the premises of your site to local ordinances and building codes and obtaining any required permits.

B. *Constructing, remodeling, or decorating the premises.* We will advise you regarding the layout, design, and build-out of your business. (Section 5.2)

C. *Hiring and training employees.* Our opening support (as described below) includes assisting you in training employees. All hiring decisions and conditions of employment are your sole responsibility. (Section 7.5)

D. *Necessary equipment, signs, fixtures, opening inventory, and supplies.* We will provide you a list of our specifications and approved suppliers for equipment, signs, fixtures, opening inventory, and supplies necessary to open your business. (Section 5.2) We do not provide these items directly; we only provide the names of approved suppliers. We do not deliver or install these items.

E. *Brand Standards Manual.* We will give you access to our Brand Standards Manual (Section 5.1).

F. *Initial Training Program.* We will conduct our initial training program. (Section 5.2). The current initial training program is described below.

G. *Market introduction plan.* We will advise you regarding the planning and execution of your market introduction plan. (Section 5.2)

H. *On-site opening support.* We will have a representative provide on-site support for up to five days in connection with your business opening, at our expense. (Section 5.2)

Length of Time to Open

The typical length of time between signing the franchise agreement and the opening of your business is 4-9 months. Factors that may affect the time period include your ability to obtain a lease, obtain financing, develop your location, obtain business permits and licenses, and hire employees.

Our Post-Opening Obligations

After you open your business:

A. *Developing products or services you will offer to your customers.* Although it is our intent and practice to refine and develop products or services that you will offer to your customers, the franchise agreement does not obligate us to do so.

B. *Hiring and training employees.* All hiring decisions and conditions of employment are your sole responsibility. (Section 7.5)

C. *Improving and developing your business; resolving operating problems you encounter.* If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your business, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide in-person support in response to your request, we may charge a fee (currently \$600 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing onsite support). (Section 5.3)

D. *Establishing prices.* Upon your request, we will provide recommended prices for products and services. (Section 5.3). We have the right to require you to offer products and services at specific prices we determine if we are promoting such products and services on a national, regional, or local market basis, for the duration of the promotion (but only to the extent permitted by applicable law).

E. *Establishing and using administrative, bookkeeping, accounting, and inventory control procedures.* We will provide you our recommended procedures for administration, bookkeeping, accounting, and inventory control (Section 5.3). We may make any such procedures part of required (and not merely recommended) procedures for our system.

F. *Marketing Fund.* We will administer the Marketing Fund once it is established. (Section 5.3). We will prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of our fiscal year and will provide the financial statement to you upon request. (Section 9.3)

G. *Website.* We will maintain a website for the Al's Hot Chicken brand, which will include your business information and telephone number. (Section 5.3)

Advertising

Our obligation. Once established, we will use the Marketing Fund only for marketing and related purposes and costs. Media coverage is primarily local. We use outside vendors and consultants to produce advertising. We are not required to spend any amount of advertising in the area or territory where any particular franchisee is located. We will maintain the brand website (which may be paid for by the Marketing Fund). We have no other obligation to conduct advertising.

Your own advertising material. You may use your own advertising or marketing material only with our approval. To obtain our approval, you must submit any proposed advertising or marketing material at least 14 days prior to use. If we do not respond, the material is deemed rejected. If you develop any advertising or marketing materials, we may use those materials for any purpose, without any payment to you.

Advertising council. We do not have an advertising council composed of franchisees. The franchise agreement does not give us the power to form an advertising council.

Local or Regional Advertising Cooperatives. We do not currently have any local or regional advertising cooperatives. We have the right to require you to participate in a local or regional advertising cooperative. We will define the area of the cooperative based on media markets, or other geographic criteria that we deem appropriate. Each franchisee in the area would have one vote per outlet (unless the franchisee is in default under its franchise agreement). The amount you must contribute to the cooperative will be determined by vote of the members, but not less than 1% and not more than 5% of gross sales. If our own outlets are members of a cooperative, they must contribute to the cooperative on the same basis as franchisees, and they will vote on the same basis as other members. We administer the cooperative, but we have the right to delegate responsibility for administration to an outside company such as an advertising agency or accounting firm, or to the franchisee members of the cooperative. We have the right to require the cooperative to operate from written bylaws or other governing documents that we determine. The documents are not currently available for you to review. Cooperatives will prepare annual financial statements which will be made available for review only by us and by the members of the cooperative. We have the power to require cooperatives to be formed, changed, dissolved, or merged.

Advertising Fund. You and all other franchisees must contribute to our Marketing Fund once it is established. Your contribution is 2% of gross sales per week. We reserve the right to have other franchisees contribute a different amount or at a different rate. Outlets that we own are not obligated to contribute to the Marketing Fund. We administer the fund. The fund is not audited. We will make unaudited annual financial statements available to you upon request.

Because we are a new franchisor, we did not spend any money from the Marketing Fund in our most recently concluded fiscal year.

If less than all marketing funds are spent in the fiscal year in which they accrue, the money will remain in the Marketing Fund to be spent in the next year.

No money from the Marketing Fund is spent principally to solicit new franchise sales.

Market introduction plan. You must develop a market introduction plan and obtain our approval of the plan at least 30 days before the projected opening date of your business.

Required spending. After you open, you must spend \$1,000 each month on marketing your business. This amount is only a minimum requirement.

Point of Sale and Computer Systems

We recommend you buy (or lease) and use a point-of-sale system and computer system as follows:

- The TOAST POS System (although we may approve of another POS system which meets our requirements and is compatible);
- 7Shifts/7 Punches employee scheduling software;
- At least 3 digital menu boards from Optisign;
- A personal computer with associated peripherals, internet and email capability, and QuickBooks and Microsoft Office

These systems will generate or store data such as sales transactions, inventory, employee, scheduling, reporting and other accounting information.

We estimate that these systems will cost between \$1,500 and \$3,000 to purchase.

We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates.

We do require you to enter into a subscription contract for your POS system, the 7 Shifts/7 Punches software, and Optisign boards.

You must upgrade or update any system when we determine. There is no contractual limit on the frequency or cost of this obligation.

We estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be \$2,300 to \$3,000.

You must give us independent access to the information that will be generated or stored in these systems. The information that we may access will include sales, customer data, and reports. There is no contractual limitation on our right to access the information.

Brand Standards Manual

See Exhibit G for the table of contents of our Brand Standards Manual as of the date this disclosure document, with the number of pages devoted to each subject. The Manual has 208 pages.

Training Program

Our training program consists of the following:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Getting Started with Al's Hot Chicken Culture, History, and Basic Setup (Employee Handbook, Orientation Materials, etc.)	3	0	Los Angeles, CA, or Your Location
Business Management Basics: - Operations Manual and FAQs - Manager Checklist - Company Values - Culture of Recognition - Problem-solving & troubleshooting basics	3	0	Los Angeles, CA, or Your Location
Operations Basics: - Maintenance of spreadsheets, documents, and forms - Manager and Group Tasks List - Managing the Procedure Checklist	2	0	Los Angeles, CA, or Your Location
Human Resources Functions: - Interviewing, hiring, & firing - Coaching, providing feedback, and performance management	5	0	Los Angeles, CA, or Your Location
Payroll: - Software set up & overview - Procedure & Checklist - Bonus / Incentives	3	0	Los Angeles, CA, or Your Location
Staff Scheduling: - Software set up & overview - Schedule Management Procedure	2	0	Los Angeles, CA, or Your Location
Advertising / Marketing: - Advertising Procedure & Strategy Calendar	5	0	Los Angeles, CA, or Your Location

- Online Advertising - Offline/In-Person Partnerships - In-store promotion / signage - Additional pre-opening expectations - Press releases			
Operations Basics Front of House Back of House Inventory Management	12	12	Los Angeles, CA, or Your Location
Pricing and Menu	1	0	Los Angeles, CA, or Your Location
New Customer Interactions: Creating the Experience Explaining the Menu A Culture of Service	3	3	Los Angeles, CA, or Your Location
Customer Interactions: Managing Relationships and Keeping People as Returning Customers	3	3	Los Angeles, CA, or Your Location
FAQ's	3	0	Los Angeles, CA, or Your Location
Technology and Systems	2	0	Los Angeles, CA, or Your Location
Opening the Location	1	3	Los Angeles, CA, or Your Location
Closing the Location	1	3	Los Angeles, CA, or Your Location
Deep Clean and Maintenance	1	2	Los Angeles, CA, or Your Location
Equipment Maintenance	1	0	Los Angeles, CA, or Your Location
Weekly Duties	3	3	Los Angeles, CA, or Your Location
Other Procedure Reviews / Miscellaneous	1	0	Los Angeles, CA, or Your Location

Onboarding Graduation	1	0	Los Angeles, CA, or Your Location
Pre-opening Readiness: - Location Build-Out Checklist - Travel to corporate (franchisor) location - Technology Set Up	10	15	Los Angeles, CA, or Your Location
TOTALS:	66	44	

We reserve the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the initial training program.

Training classes will be scheduled in accordance with the needs of new franchisees. We anticipate holding training classes three to six times per year. Any in-person training will be held at our offices in Los Angeles, California; although, we reserve the right to conduct training remotely. Some aspects of training classes will be self-directed, including pre-recorded video training.

The instructional materials consist of the Brand Standards Manual, on-the-job demonstration and practice, and other discussions, lectures, and materials, including our Onboarding Checklist which contains links organized by section for all applicable written procedures, training videos, learning checks referred to as Knowledge Reviews (automatically graded with correct answers provided, with a structure in place requiring successful completion via a minimum score threshold), and a shadowing/coaching checklist and approval process all required to successfully and fully complete the necessary training. Additional instructional material will be provided consisting of additional similar training (additional procedures, additional video training, additional checklists, etc.) for “higher-level” functions required of the franchisee and/or the individual acting as the owner/operator and/or manager of the franchisee.

Training classes will be led or supervised by Abdal Almasri whom has experience in our industry since 2009, and experience with us or our affiliates since 2020. Training classes will be led or supervised by Mohamed-Nazim Gomri whom has experience in our industry since 2014, and experience with us or our affiliates since 2020. There is no fee for up to 3 people to attend training. You must pay the travel and living expenses of people attending training.

You and your general manager(s) must attend and complete training. You may send any additional people to training that you want (up to the maximum described above). You must complete training to our satisfaction at least four weeks before opening your business. As part of completing the training, you will be required to pass a test which evaluates your understanding for the content and franchise operating content as covered in the training program. You will need to

pass the test to complete the initial training. Should you fail to pass the test or complete the initial training, we have the right to terminate the franchise agreement with no refund of the initial franchise fee.

Your business must at all times be under your on-site supervision or under the on-site supervision of a general manager who has completed our training program. If you need to send a new general manager to our training program, we will charge a fee, which is currently \$250 per person, per day. Otherwise, we do not currently require additional training programs or refresher courses, but we have the right to do so.

Item 12 TERRITORY

Your Location

Your franchise is for a specific location. If the specific location is not known at the time you sign a franchise agreement, then your location is subject to our approval. If your business location is not known when you sign your franchise agreement, then we will state your location and territory in a “Location Acceptance Letter” when we approve your location.

Relocation

You do not have the right to relocate your business, and we have no obligation to approve any request for relocation. Our policy is to approve relocation of a franchisee’s business on a case-by-case basis, considering factors such as changes in demographics, profitability of your current business, or a loss of your premises due to circumstances beyond your control.

Establishment of Additional Outlets

You do not have the right to establish additional franchised outlets unless you sign a Multi-Unit Development Agreement (“MUDA”) in the form attached as Exhibit C to this disclosure document. If you and we sign a MUDA, then you will have the right to establish a mutually-agreed number of additional outlets on a mutually-agreed schedule. Under the MUDA, your right to develop additional outlets is subject to (1) you must comply with the mutually-agreed development schedule, (2) you must have sufficient financial and organizational capacity to develop, open, operate, and manage each additional Al’s Hot Chicken business, (3) you must be in compliance with all brand requirements at your open Al’s Hot Chicken business(es), and (4) you must not be in default under any other agreement with us. We will approve the location of future sites and territories for those sites, and our then-current standards for sites and territories will apply. You are not obligated to develop additional outlets under the MUDA, and you may terminate it any time without penalty. If you do not meet your development schedule in the MUDA, we have the right to terminate your right to develop additional outlets.

Options to Acquire Additional Franchises

You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises.

Territory Protection

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 that we control.

If you sign a MUDA, you receive an exclusive territory as an area developer. In your territory, we will not establish either a company-owned or franchised outlet selling the same or similar goods or services under the same or similar trademarks or service marks as a Al's Hot Chicken outlet. The continuation of your territorial exclusivity depend on your adherence to the development schedule states in the MUDA. If you fail to adhere to the development schedule, we will have the right to terminate your MUDA, but not any franchise agreements that are already signed.

Restrictions on Us from Soliciting or Accepting Orders in Your Territory

There are no restrictions on us from soliciting or accepting orders from consumers inside your territory. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory using our principal trademarks or using trademarks different from the ones you will use under your franchise agreement. We do not pay any compensation to you for soliciting or accepting orders from inside your territory.

Soliciting by You Outside Your Territory

All of your marketing and advertising (including telemarketing and direct marketing) is subject to our approval. Your marketing and advertising do not need to be restricted to your territory.

Your use of third-party delivery service is subject to our approval (and we can require you to use certain delivery services). We currently do not restrict the geographic area in which you may provide catering and third-party delivery services, but we reserve the right to do so in the future.

We do not permit you to use any other channels of distribution (such as the Internet or catalog sales).

Competition by Us Under Different Trademarks

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark selling goods or services similar to those you will offer. However, the franchise agreement does not prohibit us from doing so.

Item 13 TRADEMARKS

Principal Trademark

The following is the principal trademark that we license to you. This trademark is owned by our affiliate, New Hype, LLC. It is registered on the Principal Register of the United States Patent and Trademark Office.

Trademark	Registration Date	Registration Number
Al's Hot Chicken	October 13, 2020	6173477
	May, 24, 2022	6734564

Because the federal trademark registration is less than six years old, no affidavits are required at this time. The registration has not yet been renewed.

Determinations

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There are no pending infringement, opposition, or cancellation proceedings.

Litigation

There is no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

Agreements

New Hype, LLC, our affiliate, owns the trademarks described in this Item. Under an Intercompany License Agreement between us and New Hype, LLC, we have been granted the exclusive right to sublicense the trademarks to franchisees throughout the United States. The agreement is of perpetual duration. It may be modified only by mutual consent of the parties. It may be canceled by our affiliate only if (1) we materially misuse the trademarks and fail to correct the misuse, or (2) we discontinue commercial use of the trademarks for a continuous period of more than one year. The Intercompany License Agreement specifies that if it is ever terminated, your franchise rights will remain unaffected.

Protection of Rights

We protect your right to use the principal trademarks listed in this Item, and we protect you against claims of infringement or unfair competition arising out of your use of the trademarks, to the extent described in this section.

The franchise agreement obligates you to notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to a trademark licensed to you. The franchise agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you.

If you use our trademarks in accordance with the franchise agreement, then (i) we will defend you (at our expense) against any legal action by a third party alleging infringement by your use of the trademark, and (ii) we will indemnify you for expenses and damages if the legal action is resolved unfavorably to you.

Under the franchise agreement, we may require you to modify or discontinue using a trademark, at your expense. You will have a reasonable period of time to comply with the change, not to exceed 90 days. After such period, you would no longer have the right to use the unmodified or discontinued trademark. Your rights under the franchise agreement do not change, other than the modification or discontinuation of the trademark.

Superior Prior Rights and Infringing Uses

We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal trademarks.

Item 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

We do not own rights in, or licenses to, patents that are material to the franchise. We do not have any pending patent applications.

Copyrights

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained registrations. This includes our Brand Standards Manual as well as all other sales, training, management, and other materials that we have created or will create. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for your franchised business.

We do not have any registered copyrights. There are no pending copyright applications for our copyrighted materials. There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court regarding any copyright.

There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials.

We have no obligation to protect any of our copyrights or to defend you against claims arising from your use of copyrighted items. The franchise agreement does not require us to take affirmative action when notified of copyright infringement. We control any copyright litigation. We are not required to participate in the defense of a franchisee or indemnify a franchisee for expenses or damages in a proceeding involving a copyright licensed to the franchisee. We may require you to modify or discontinue using the subject matter covered by any of our copyrights, at your expense.

We do not know of any copyright infringement that could materially affect you.

Proprietary Information

We have a proprietary, confidential Brand Standards Manual and related materials that include guidelines, standards and policies for the development and operation of your business. We also claim proprietary rights in other confidential information or trade secrets that include all methods for developing and operating the business, and all non-public plans, data, recipes, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information, and know-how.

All customer data and other non-public data generated by your business is confidential information and is exclusively owned by us. We license such data back to you without charge solely for your use in connection with your Al's Hot Chicken business.

You (and your owners, if the franchise is owned by an entity) must protect the confidentiality of our Brand Standards Manual and other proprietary information, and you must use our confidential information only for your franchised business. We may require your managers and key employees to sign confidentiality agreements.

You must disclose to us all ideas, plans, improvements, concepts, methods, and techniques relating to your Al's Hot Chicken business that you conceive or develop. We will automatically own all such innovations, and we will have the right to incorporate any innovations into our system for use by all franchisees, without any compensation to you.

Item 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Your Participation

You must devote substantial time and attention to your business.

You must designate one person as your “Principal Executive”. The Principal Executive is the executive primarily responsible for your business and has decision-making authority on behalf of the business. The Principal Executive must own at least 10% of the business. The Principal Executive must complete our initial training program. The Principal Executive must complete any post-opening training programs that we develop in the future. The Principal Executive must make reasonable efforts to attend all in-person meetings and remote meetings (such as telephone or video conference calls), including regional or national brand conferences, that we require. The Principal Executive cannot fail to attend more than three consecutive required meetings.

If your business is owned by an entity, all owners of the business must sign our Guaranty and Non-Compete Agreement (see Attachment 3 to Exhibit B).

“On-Premises” Supervision

You are not required to personally conduct “on-premises” supervision (that is, act as general manager) of your business. However, we recommend on-premises supervision by you.

There is no limit on who you can hire as an on-premises supervisor. The general manager of your business (whether that is you or a hired person) must successfully complete our training program.

If the franchise business is owned by an entity, we do not require that the general manager own any equity in the entity.

Restrictions on Your Manager

If we request, you must have your general manager (and other key employees that we reasonably designate) sign a confidentiality and non-compete agreement. We will not require you to enter into a confidentiality and non-compete agreement that violates applicable state law. We do not require you to place any other restrictions on your manager.

Item 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale only menu items, beverages, goods, and services that we have approved.

You must offer for sale all menu items, beverages, goods, and services that we require. We have the right to change the types of authorized menu items, beverages, goods, and services, and there are no limits on our right to make changes.

We do not restrict your access to customers, except that all sales must be made at or from your premises.

Item 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	Franchise Agreement (FA): § 3.1 Multi-Unit Development Agreement (MUDA): §1(a)	The term of the franchise agreement is 10 years from date of signing. The MUDA will expire on the date that your last franchise is scheduled to open.
b. Renewal or extension of the term	FA: § 3.2 MUDA: none	For our franchise system, “renewal” means that at the end of your term, you sign our successor franchise agreement for an additional term. You may be asked to sign a contract with materially different terms and conditions than your original contract.
c. Requirements for franchisee to renew or extend	FA: § 3.2 MUDA: none	To renew, you must give advance notice to us; be in compliance with all contractual obligations to us and third parties; renovate to our then-current standards; sign then-current form of franchise agreement and related documents (including personal guaranty); sign general release (unless prohibited by applicable law). If you continue operating your franchise after the expiration of the term without a renewal agreement, then we may either terminate your operation at any time or deem you to have renewed your agreement for a new term.
D. Termination by franchisee	FA: § 14.1 MUDA: § 4	If we violate a material provision of the franchise agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after notice from you or under any grounds provided for by law. If you sign a MUDA, you may terminate it at any time.

Provision	Section in franchise or other agreement	Summary
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	FA: § 14.2 MUDA: § 4	We may terminate your agreement for cause, subject to any applicable notice and cure opportunity. (subject to state law) If you sign a Multi-Unit Development Agreement, termination of your MUDA does not give us the right to terminate your franchise agreement. However, if your franchise agreement is terminated, we have the right to terminate your MUDA.
g. “Cause” defined--curable defaults	FA: § 14.2 MUDA: none	Non-payment by you (10 days to cure); violate franchise agreement other than non-curable default (30 days to cure); operate in a manner dangerous to health or safety (48 hours to cure). (subject to state law)
h. “Cause” defined--non-curable defaults	FA: § 14.2 MUDA: § 4	FA: Misrepresentation when applying to be a franchisee; knowingly submitting false information; bankruptcy; lose possession of your location; violation of law; violation of confidentiality; violation of non-compete; violation of transfer restrictions; score below 90/A on government health inspections more than twice in 36 months; score below passing grade on brand inspection more than twice in 36 months; slander or libel of us; refusal to cooperate with our business inspection; fail to complete training and open during the time permitted; cease operations for more than 5 consecutive days; three defaults in 12 months; cross-termination; charge or conviction of, or plea to a felony, or commission or accusation of an act that is reasonably likely to materially and unfavorably affect our brand; any other breach of franchise agreement which by its nature cannot be cured. (subject to state law) MUDA: failure to meet development schedule; violation of franchise agreement or other agreement which gives us the right to terminate it.

Provision	Section in franchise or other agreement	Summary
i. Franchisee's obligations on termination/non-renewal	FA: §§ 14.3 – 14.6 MUDA: none	Pay all amounts due; return Manual and proprietary items; notify phone, internet, and other providers and transfer service; cease doing business; remove identification; purchase option by us.
j. Assignment of agreement by franchisor	FA: § 15.1 MUDA: § 7	Unlimited
k. "Transfer" by franchisee - defined	FA: Article 1 MUDA: Background Statement	For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) any direct or indirect ownership interest in the business, or (iv) control of the business.
l. Franchisor's approval of transfer by franchisee	FA: § 15.2 MUDA: § 7	No transfers without our approval. We will not unreasonably withhold its approval of a proposed transfer.
m. Conditions for franchisor's approval of transfer	FA: § 15.2 MUDA: none	Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer and its owners sign our then-current franchise agreement and related documents (including personal guaranty); you've made all payments to us and are in compliance with all contractual requirements; buyer completes training program; you sign a general release (subject to state law); business complies with then-current system specifications (including remodel, if applicable).
n. Franchisor's right of first refusal to acquire franchisee's business	FA: § 15.5 MUDA: none	If you want to transfer your business (other than to your co-owner or your spouse, sibling, or child), we have a right of first refusal.
o. Franchisor's option to purchase franchisee's business	FA: § 14.6 MUDA: none	When your franchise agreement expires or is terminated, we will have the right to purchase any or all of the assets of your business.
p. Death or disability of franchisee	FA: §§ 2.4, 15.4 MUDA: none	If you die or become incapacitated, a new principal executive acceptable to us must be designated to operate the business, and your executor must transfer the business to an approved new owner within nine months.

Provision	Section in franchise or other agreement	Summary
q. Non-competition covenants during the term of the franchise	FA: § 13.2 MUDA: none	Neither you, any owner of the business, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by, any competitor. (subject to state law)
r. Non-competition covenants after the franchise is terminated or expires	FA: § 13.2 MUDA: none	For two years, neither you, any owner of the business, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by a competitor located within five miles of your former territory or the territory of any other Al's Hot Chicken business operating on the date of termination. (subject to state law)
s. Modification of the agreement	FA: § 18.4 MUDA: § 7	No modification or amendment of the agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or system specifications.
t. Integration/merger clause	FA: § 18.3 MUDA: § 7	Only the terms of the agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement (or MUDA) may not be enforceable. However, no claim made in any franchise agreement (or MUDA) is intended to disclaim the express representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	FA: § 17.1 MUDA: § 7	All disputes are resolved by arbitration (except for injunctive relief) (subject to applicable state law).
v. Choice of forum	FA: §§ 17.1; 17.5 MUDA: § 7	Arbitration will take place where our headquarters is located (currently, Los Angeles, California) (subject to applicable state law). Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state

Provision	Section in franchise or other agreement	Summary
		and county where our headquarters is then located (subject to applicable state law).
w. Choice of law	FA: § 18.8 MUDA: § 7	Delaware (subject to applicable state law).

For additional disclosures required by certain states, refer to Exhibit I - State Addenda to Disclosure Document.

Item 18 PUBLIC FIGURES

We do not use any public figure 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 either 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, Abdal Almasri, 1663 Sawtelle Blvd, Suite 200, Los Angeles, CA 90025, and 424-535-3353, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20 OUTLETS AND FRANCHISEE INFORMATION

Table 1
Systemwide Outlet Summary
For Years 2021 to 2023

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2021	0	0	0
	2022	0	2	+2
	2023	2	5	+3
Company-Owned	2021	2	2	0
	2022	2	3	+1
	2023	3	2	-1
Total Outlets	2021	2	2	0
	2022	2	5	+3
	2023	5	7	+2

Table 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2021 to 2023

Column 1 State	Column 2 Year	Column 3 Number of Transfers
N/A	2021	0
	2022	0
	2023	0
Total	2021	0
	2022	0
	2023	0

Table 3
Status of Franchised Outlets
For Years 2021 to 2023

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termi- Nations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
California	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
	2023	2	4	1	0	0	0	5

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termi- Nations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
Washington	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Totals	2021	0	0	0	0	0	0	0
	2022	0	3	0	0	0	0	3
	2023	3	4	1	0	0	0	6

Table 4
Status of Company-Owned Outlets
For Years 2021 to 2023

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
California	2021	2	0	0	0	0	2
	2022	2	1	0	0	0	3
	2023	3	0	0	0	1	2
Totals	2021	2	0	0	0	0	2
	2022	2	1	0	0	0	3
	2023	3	0	0	0	1	2

Table 5
Projected Openings As Of December 31, 2023

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company- Owned Outlets in the Next Fiscal Year
Arizona	0	1	0
California	2	4	0
Washington	0	1	0
Totals	2	6	0

Current Franchisees

Exhibit H contains the names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets.

Former Franchisees

Exhibit H contains the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date.

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

Confidentiality Clauses

In the last three fiscal years, no franchisees have signed any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with any prospective franchisee.

Franchisee Organizations

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

Item 21 FINANCIAL STATEMENTS

Exhibit F contains our audited financial statements dated December 31, 2023, December 31, 2022 and December 31, 2021. Our fiscal year end is December 31.

Item 22 CONTRACTS

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Multi-Unit Development Agreement
- D. Rider to Lease Agreement
- E. Form of General Release
- J. State Addenda to Agreements

Item 23
RECEIPTS

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure document.

EXHIBIT A

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 866-275-2677	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, HI 96810 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	

State	State Administrator	Agent for Service of Process (if different from State Administrator)
Minnesota	Minnesota Department of Commerce Securities-Franchise Registration 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Commissioner of Commerce Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500
New York	New York State Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 212-416-8236	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue Building 68-2 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions 4822 Madison Yards Way Madison, WI 53705 (608) 266-0448	Division of Securities Department of Financial Institutions 4822 Madison Yards Way Madison, WI 53705 (608) 261-7577

EXHIBIT B
FRANCHISE AGREEMENT



FRANCHISE AGREEMENT

SUMMARY PAGE	
1. Franchisee	_____
2. Initial Franchise Fee	\$ _____
3. Development Area	_____
4. Opening Deadline	_____
5. Principal Executive	_____
6. Franchisee's Address	_____

FRANCHISE AGREEMENT

This Agreement is made between Al's Hot Chicken Franchising, LLC, a Delaware limited liability company ("Al's Hot Chicken Franchising"), and Franchisee effective as of the date signed by Al's Hot Chicken Franchising (the "Effective Date").

Background Statement:

A. Al's Hot Chicken Franchising and its affiliate New Hype, LLC dba Al's Hot Chicken, have created and own a system (the "System") for developing and operating a fast-casual restaurant offering spicy fried chicken breasts, sandwiches, strips, wings, and sliders, made from fresh, never frozen, all natural, hormone and antibiotic-free Halal chicken, under the trade name "Al's Hot Chicken".

B. The System includes (1) methods, procedures, and standards for developing and operating an Al's Hot Chicken business; (2) plans, specifications, equipment, signage, and trade dress for Al's Hot Chicken businesses; (3) particular menu items, beverages, products, and services; (4) the Marks; (5) training programs; (6) business knowledge; (7) marketing plans and concepts; and (8) other mandatory or optional elements as determined by Al's Hot Chicken Franchising from time to time.

C. The parties desire that Al's Hot Chicken Franchising license the Marks and the System to Franchisee for Franchisee to develop and operate an Al's Hot Chicken business on the terms and conditions of this Agreement.

ARTICLE 1. DEFINITIONS

"Action" means any action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, judgment, or appeal thereof, whether formal or informal.

"Approved Vendor" means a supplier, vendor, or distributor of Inputs which has been approved by Al's Hot Chicken Franchising.

"Business" means the Al's Hot Chicken business owned by Franchisee and operated under this Agreement.

"Competitor" means any business which offers spicy fried chicken breasts, sandwiches, strips, wings, and sliders, made from fresh, never frozen, all natural, hormone and antibiotic-free Halal chicken.

"Confidential Information" means all non-public information of or about the System, Al's Hot Chicken Franchising, and any Al's Hot Chicken business, including all methods for developing and operating the Business, and all non-public plans, data, recipes, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information, and know-how.

"Gross Sales" means the total dollar amount of all sales generated through the Business for a given period, including, but not limited to, payment for any services or products sold by Franchisee,

whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected by Franchisee, (iii) sales of used equipment not in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales). Service gratuities directed by customers to employees are not counted towards Gross Sales.

“Input” means any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Business.

“Limited Access Venue” means a venue that primarily serves the customers located within a facility, such as enclosed shopping centers, universities, churches and other religious institutions, sports stadiums, amusement parks, airports, transportation centers, hospitals, military complexes, and restricted business complexes.

“Location” means the location stated on Location Acceptance Letter.

“Losses” includes (but is not limited to) all losses; damages; fines; charges; expenses; lost profits; reasonable attorneys’ fees; travel expenses, expert witness fees; court costs; settlement amounts; judgments; loss of Al’s Hot Chicken Franchising’s reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

“Manual” means Al’s Hot Chicken Franchising’s confidential Brand Standards Manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

“Marketing Fund” means the fund established (or which may be established) by Al’s Hot Chicken Franchising into which Marketing Fund Contributions are deposited.

“Marks” means the trade name and logo contained on the Summary Page, and all other trade names, trademarks, service marks and logos specified by Al’s Hot Chicken Franchising from time to time for use in an Al’s Hot Chicken business.

“Owner” means each person or entity which directly or indirectly owns or controls any equity of Franchisee. If Franchisee is an individual person, then “Owner” means Franchisee.

“Remodel” means a refurbishment, renovation, and remodeling of the Location to conform to the building design, exterior facade, trade dress, signage, fixtures, furnishings, equipment, decor, color schemes, presentation of the Marks, and other System Standards in a manner consistent with the image then in effect for a new Al’s Hot Chicken business.

“Required Vendor” means a supplier, vendor, or distributor of Inputs which Al’s Hot Chicken Franchising requires franchisees to use.

“System Standards” means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by Al’s Hot Chicken Franchising,

which may include without limitation, any procedures, requirements and/or standards for appearance, business metrics, cleanliness, customer service, data protection and privacy, design (such as construction, decoration, layout, furniture, fixtures and signs), equipment, inventory, marketing and public relations, operating days, operating hours, presentation of Marks, product and service offerings (including menu and beverages), quality of products and services, recipes, reporting, safety, technology (such as computers, computer peripheral equipment, smartphones, point-of-sale systems, back-office systems, information management systems, security systems, video monitors, other software, backup and archiving systems, communications systems (including email, audio, and video systems), payment acceptance systems, and internet access, as well as upgrades, supplements, and modifications thereto), temporary operational changes due to special circumstances (such as a pandemic), uniforms, and vehicles.

“**Transfer**” means for Franchisee (or any Owner) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the Business, (ii) this Agreement, (iii) any direct or indirect ownership interest in the Business, or (iv) control of the Business.

ARTICLE 2. GRANT OF LICENSE

2.1 Grant. Al’s Hot Chicken Franchising grants to Franchisee the right to operate an Al’s Hot Chicken business solely at the Location. The parties will determine the Location in accordance with Section 6.1. Franchisee shall develop, open, and operate an Al’s Hot Chicken business at the Location for the entire term of this Agreement.

2.2 Franchisee Control. Franchisee represents that Attachment 1 (i) identifies each owner, officer, and director of Franchisee, and (ii) describes the nature and extent of each owner’s interest in Franchisee. If any information on Attachment 1 changes (which is not a Transfer), Franchisee shall notify Al’s Hot Chicken Franchising within 10 days.

2.3 Principal Executive. Franchisee agrees that the person designated as the “Principal Executive” on the Summary Page is the executive primarily responsible for the Business and has decision-making authority on behalf of Franchisee. The Principal Executive must have at least 10% ownership interest in Franchisee. The Principal Executive does not have to serve as a day-to-day general manager of the Business, but the Principal Executive must devote substantial time and attention to the Business. If the Principal Executive dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for the Business, Franchisee shall promptly designate a new Principal Executive, subject to Al’s Hot Chicken Franchising’s reasonable approval.

2.4 Guaranty. If Franchisee is an entity, then Franchisee shall have each Owner sign a personal guaranty of Franchisee’s obligations to Al’s Hot Chicken Franchising, in the form of Attachment 3.

2.5 No Conflict. Franchisee represents to Al’s Hot Chicken Franchising that Franchisee and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement, (ii) are not a direct or

indirect owner of any Competitor, and (iii) are not listed or “blocked” in connection with, and are not in violation under, any anti-terrorism law, regulation, or executive order.

ARTICLE 3. TERM

3.1 Term. This Agreement commences on the Effective Date and continues for 10 years.

3.2 Successor Agreement. When the term of this Agreement expires, Franchisee may enter into a successor agreement subject to the following conditions prior to each expiration:

- (i) Franchisee notifies Al’s Hot Chicken Franchising of the election to renew between 90 and 180 days prior to the end of the term;
- (ii) Franchisee (and its affiliates) are in compliance with this Agreement and all other agreements with Al’s Hot Chicken Franchising (or any of its affiliates) at the time of election and at the time of renewal;
- (iii) Franchisee has made or agrees to make (within a period of time acceptable to Al’s Hot Chicken Franchising) renovations and changes to the Business as Al’s Hot Chicken Franchising requires (including a Remodel, if applicable) to conform to the then-current System Standards;
- (iv) Franchisee and its Owners execute Al’s Hot Chicken Franchising’s then-current standard form of franchise agreement and related documents (including personal guaranty), which may be materially different than this form (including, without limitation, higher and/or different fees), except that Franchisee will not pay another initial franchise fee and will not receive more renewal or successor terms than described in this Section;
- (v) Franchisee and each Owner executes a general release (on Al’s Hot Chicken Franchising’s then-standard form) of any and all claims against Al’s Hot Chicken Franchising, its affiliates, and their respective owners, officers, directors, agents, and employees.

ARTICLE 4. FEES

4.1 Initial Franchise Fee. Upon signing this Agreement, Franchisee shall pay an initial franchise fee in the amount stated on the Summary Page. This initial franchise fee is not refundable.

4.2 Royalty Fee. Franchisee shall pay Al’s Hot Chicken Franchising a weekly royalty fee (the “Royalty Fee”) equal to 5% of Gross Sales. The Royalty Fee for any given week is due on the first Tuesday of the following week.

4.3 Marketing Contributions.

(a) Marketing Fund Contribution. Franchisee shall pay Al’s Hot Chicken Franchising a contribution to the Marketing Fund (the “Marketing Fund Contribution”) equal to 2% of

Franchisee's Gross Sales (or such lesser amount as Al's Hot Chicken Franchising determines), at the same time as the Royalty Fee.

(b) Market Cooperative Contribution. If the Business participates in a Market Cooperative, then Franchisee shall contribute to the Market Cooperative a percentage of Gross Sales (or other amount) determined by the Market Cooperative, not to exceed 5%.

4.4 Replacement / Additional Training Fee. If Franchisee sends an employee to Al's Hot Chicken Franchising's training program after opening, Al's Hot Chicken Franchising may charge its then-current training fee. As of the date of this Agreement, the training fee is \$5,000.

4.5 Non-Compliance Fee. Al's Hot Chicken Franchising may charge Franchisee \$500 for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee's non-payment of a fee owed to Al's Hot Chicken Franchising) which Franchisee fails to cure after 30 days' notice. Thereafter, Al's Hot Chicken Franchising may charge Franchisee \$250 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of Al's Hot Chicken Franchising's internal cost of personnel time attributable to addressing the non-compliance, and it is not a penalty or estimate of all damages arising from Franchisee's breach. The non-compliance fee is in addition to all of Al's Hot Chicken Franchising's other rights and remedies (including default and termination under Section 14.2).

4.6 Reimbursement. Al's Hot Chicken Franchising may (but is never obligated to) pay on Franchisee's behalf any amount that Franchisee owes to a supplier or other third party. If Al's Hot Chicken Franchising does so or intends to do so, Franchisee shall pay such amount plus a 10% administrative charge to Al's Hot Chicken Franchising within 15 days after invoice by Al's Hot Chicken Franchising accompanied by reasonable documentation.

4.7 Payment Terms.

(a) Method of Payment. Franchisee shall pay the Royalty Fee, Marketing Fund Contribution, and any other amounts owed to Al's Hot Chicken Franchising by pre-authorized bank draft or in such other manner as Al's Hot Chicken Franchising may require. Franchisee shall comply with Al's Hot Chicken Franchising's payment instructions.

(b) Calculation of Fees. Franchisee shall report weekly Gross Sales to Al's Hot Chicken Franchising by Tuesday of the following week. If Franchisee fails to report weekly Gross Sales, then Al's Hot Chicken Franchising may withdraw estimated Royalty Fees and Marketing Fund Contributions equal to 125% of the last Gross Sales reported to Al's Hot Chicken Franchising, and the parties will true-up the actual fees after Franchisee reports Gross Sales. Franchisee acknowledges that Al's Hot Chicken Franchising has the right to remotely access Franchisee's point-of-sale system to calculate Gross Sales.

(c) Late Fees and Interest. If Franchisee does not make a payment on time, Franchisee shall pay a \$100 "late fee" plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law).

(d) Insufficient Funds. Al's Hot Chicken Franchising may charge \$30 for any payment returned for insufficient funds (or, if such amount exceeds the maximum allowed by law, then the fee allowed by law).

(e) Costs of Collection. Franchisee shall repay any costs incurred by Al's Hot Chicken Franchising (including reasonable attorney fees) in attempting to collect payments owed by Franchisee.

(f) Application. Al's Hot Chicken Franchising may apply any payment received from Franchisee to any obligation and in any order as Al's Hot Chicken Franchising may determine, regardless of any designation by Franchisee.

(g) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to Al's Hot Chicken Franchising any fees or amounts described in this Agreement are not dependent on Al's Hot Chicken Franchising's performance and are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

ARTICLE 5. ASSISTANCE

5.1 Manual. Al's Hot Chicken Franchising shall make its Manual available to Franchisee.

5.2 Pre-Opening Assistance.

(a) Selecting Location. Al's Hot Chicken Franchising shall provide its criteria for Al's Hot Chicken locations to Franchisee. Al's Hot Chicken Franchising will review and advise Franchisee regarding potential locations submitted by Franchisee.

(b) Development. To the extent Al's Hot Chicken Franchising deems appropriate, Al's Hot Chicken Franchising shall advise Franchisee regarding the layout, design, and build-out of the Business.

(c) Vendors. To the extent applicable, Al's Hot Chicken Franchising shall provide its specifications and list of Approved Vendors and/or Required Vendors for equipment, signs, fixtures, opening inventory, and supplies to open the Business.

(d) Pre-Opening Training. Al's Hot Chicken Franchising shall make available its standard pre-opening training to the Principal Executive and up to 2 other employees, at Al's Hot Chicken Franchising's headquarters and/or at an Al's Hot Chicken business designated by Al's Hot Chicken Franchising. Al's Hot Chicken Franchising shall not charge any fee for this training. Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses. Al's Hot Chicken Franchising reserves the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the program.

(e) Market Introduction Plan. Al's Hot Chicken Franchising shall advise Franchisee regarding the planning and execution of Franchisee's market introduction plan.

(f) On-Site Opening Assistance. Al's Hot Chicken Franchising shall have a representative support Franchisee's business opening with at least 5 days of onsite opening training and assistance, at Al's Hot Chicken Franchising's expense.

5.3 Post-Opening Assistance.

(a) Advice, Consulting, and Support. If Franchisee requests, Al's Hot Chicken Franchising shall provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's business, and resolving operating problems Franchisee encounters, to the extent Al's Hot Chicken Franchising deems reasonable. If Al's Hot Chicken Franchising provides in-person support in response to Franchisee's request, Al's Hot Chicken Franchising may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).

(b) Pricing. Upon request, Al's Hot Chicken Franchising shall provide recommended prices for products and services offered by franchisees of the System.

(c) Procedures. Al's Hot Chicken Franchising shall provide Franchisee with Al's Hot Chicken Franchising's recommended administrative, bookkeeping, accounting, and inventory control procedures. Al's Hot Chicken Franchising may make any such procedures part of required (and not merely recommended) System Standards.

(d) Marketing. Al's Hot Chicken Franchising shall manage the Marketing Fund.

(e) Internet. Al's Hot Chicken Franchising shall maintain a website for Al's Hot Chicken, which will include Franchisee's location (or territory) and telephone number.

ARTICLE 6. LOCATION, DEVELOPMENT, AND OPENING

6.1 Determining Location.

(i) Franchisee shall find a potential Location within the Development Area described on the Summary Page. Franchisee shall submit its proposed location to Al's Hot Chicken Franchising for acceptance, with all related information and documents Al's Hot Chicken Franchising may request. If Al's Hot Chicken Franchising does not accept the proposed location in writing within 30 days, then it is deemed rejected.

(ii) When Al's Hot Chicken Franchising accepts the Location, it will issue a Location Acceptance Letter in the form of Attachment 2.

(iii) **Al's Hot Chicken Franchising's advice regarding or acceptance of a site is not a representation or warranty that the Business will be successful, and Al's Hot Chicken Franchising has no liability to Franchisee with respect to the location of the Business.**

6.2 Lease. In connection with any lease between Franchisee and the landlord of the Location: (i) if requested by Al's Hot Chicken Franchising, Franchisee must submit the proposed lease to Al's Hot Chicken Franchising for written approval, (ii) the term of the lease (including renewal terms) must be for a period of not less than the term of this Agreement, and (iii) Franchisee shall

use commercially reasonable efforts to obtain the landlord's signature to a rider to the lease in the form required by Al's Hot Chicken Franchising.

6.3 Development. Franchisee shall construct (or remodel) and finish the Location in conformity with Al's Hot Chicken Franchising's System Standards. If required by Al's Hot Chicken Franchising, Franchisee shall engage the services of an architect licensed in the jurisdiction of the Location. Franchisee shall not begin any construction or remodeling work without first obtaining Al's Hot Chicken Franchising's approval of Franchisee's plans. Al's Hot Chicken Franchising may, but is not required to, inspect Franchisee's construction or remodeling progress at any reasonable time. Franchisee shall not rely upon any information provided or opinions expressed by Al's Hot Chicken Franchising or its representatives regarding any architectural, engineering, or legal matters (including without limitation the Americans With Disabilities Act) in the development and construction of the Business, and Al's Hot Chicken Franchising assumes no liability with respect thereto. Al's Hot Chicken Franchising's inspection and/or approval to open the Business is not a representation or a warranty that the Business has been constructed in accordance with any architectural, engineering, or legal standards.

6.4 New Franchisee Training. Franchisee's Principal Executive and general manager(s) must complete Al's Hot Chicken Franchising's training program for new franchisees to Al's Hot Chicken Franchising's satisfaction at least four weeks before opening the Business.

6.5 Conditions to Opening. Franchisee shall notify Al's Hot Chicken Franchising at least 30 days before Franchisee intends to open the Business to the public. Before opening, Franchisee must satisfy all of the following conditions: (1) Franchisee is in compliance with this Agreement, (2) Franchisee has obtained all applicable governmental permits and authorizations, (3) the Business conforms to all applicable System Standards, (4) Al's Hot Chicken Franchising has inspected and approved the Business, (5) Franchisee has hired sufficient employees, (6) Franchisee's officers and employees have completed all of Al's Hot Chicken Franchising's required pre-opening training (including passing any tests which are a part of such training); and (7) Al's Hot Chicken Franchising has given its written approval to open, which will not be unreasonably withheld.

6.6 Opening Date. Franchisee shall open the Business to the public on or before the date stated on the Summary Page.

ARTICLE 7. OPERATIONS

7.1 Compliance with Manual and System Standards. Franchisee shall at all times and at its own expense comply with all mandatory obligations contained in the Manual and with all other System Standards.

7.2 Compliance with Law. Franchisee and the Business shall comply with all laws and regulations. Franchisee and the Business shall obtain and keep in force all governmental permits and licenses necessary for the Business.

7.3 Food Service.

(a) Menu. Franchisee shall offer all menu items, beverages, and other products and services, and only those menu items, beverages, and other products and services, from time to time prescribed by Al's Hot Chicken Franchising in the Manual or otherwise in writing.

(b) Preparation. Franchisee shall follow all recipes prescribed by Al's Hot Chicken Franchising, including, without limitation, use of all ingredients specified or authorized by Al's Hot Chicken Franchising, and only such ingredients. Franchisee shall prepare and serve all food products in a high-quality manner that meets or exceeds the customer's reasonable expectations and all applicable System Standards.

(c) Inventory. Franchisee shall maintain sufficient levels of inventory at all times.

(d) Method of Sale and Delivery Services. Franchisee shall make sales only at the Location. Franchisee shall use such third-party delivery services as Al's Hot Chicken Franchising may require or approve, and only such third-party delivery services. Al's Hot Chicken Franchising reserves the right to negotiate system-wide agreements with third-party delivery services, and Franchisee shall comply with such agreement. Al's Hot Chicken Franchising reserves the right to set boundaries for delivery, which need not be the same as the Territory. Gross Sales on deliveries will be calculated on the net amount received by Franchisee from the delivery service (after reduction of any delivery fee, service charge, or gratuity paid by the customer).

(e) Health Inspection Scores. In addition to Franchisee's obligations to comply with all System Standards pursuant to Section 7.1 and with all applicable laws pursuant to Section 7.2, Franchisee must achieve a health code inspection score of 90, "A" or higher pursuant to the grading or rating system of the applicable governmental authority. If the applicable government authority does not score inspections on a numerical or alphabetical scale, then a rating by the governing body similar in nature to a "90" or "A" will be the governing standard. Franchisee will provide Al's Hot Chicken Franchising a copy of any inspection report and score within two business days after receipt.

7.4 Prices. Al's Hot Chicken Franchising may require Franchisee to offer products and services at specific prices determined by Al's Hot Chicken Franchising if Al's Hot Chicken Franchising is promoting such products and services on a national, regional, or local market basis, for the duration of the promotion (but only to the extent permitted by applicable law).

7.5 Personnel.

(a) Management. The Business must at all times be under the on-site supervision of the Principal Executive or a general manager who has completed Al's Hot Chicken Franchising's training program.

(b) Service. Franchisee shall cause its personnel to render competent and courteous service to all customers and members of the public.

(c) Appearance. Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance, and hygiene standards set forth in the Manual.

(d) **Qualifications.** Al's Hot Chicken Franchising may set minimum qualifications for categories of employees employed by Franchisee.

(e) **Sole Responsibility.** Franchisee is solely responsible for all hiring decisions and all terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and Al's Hot Chicken Franchising are not joint employers, and no employee of Franchisee will be an agent or employee of Al's Hot Chicken Franchising. Within seven days of Al's Hot Chicken Franchising's request, Franchisee and each of its employees shall sign an acknowledgment form stating that Franchisee alone (and not Al's Hot Chicken Franchising) is the employee's sole employer. Franchisee shall use its legal name on all documents with its employees and independent contractors, including, but not limited to, employment applications, timecards, pay checks, and employment and independent contractor agreements, and Franchisee shall not use the Marks on any of these documents.

7.6 Post-Opening Training. Al's Hot Chicken Franchising may at any time require that the Principal Executive and/or any other employees complete training programs, in any format and in any location determined by Al's Hot Chicken Franchising. Al's Hot Chicken Franchising may charge a reasonable fee for any training programs. Al's Hot Chicken Franchising may require Franchisee to provide training programs to its employees. If a training program is held at a location which requires travel by the Principal Executive or any other employee, then Franchisee shall pay all travel, living and other expenses.

7.7 Software. Without limiting the generality of Section 7.1 or Section 8.1, Franchisee shall acquire and use all software and related systems required by Al's Hot Chicken Franchising. Franchisee shall enter into any subscription and support agreements that Al's Hot Chicken Franchising may require. Franchisee shall upgrade, update, or replace any software from time to time as Al's Hot Chicken Franchising may require. Franchisee shall protect the confidentiality and security of all software systems, and Franchisee shall abide by any System Standards related thereto. Franchisee shall give Al's Hot Chicken Franchising unlimited access to Franchisee's point of sale system and other software systems used in the Business, by any means designated by Al's Hot Chicken Franchising.

7.8 Customer Complaints. Franchisee shall use its best efforts to promptly resolve any customer complaints. Al's Hot Chicken Franchising may take any action it deems appropriate to resolve a customer complaint regarding the Business, and Al's Hot Chicken Franchising may require Franchisee to reimburse Al's Hot Chicken Franchising for any expenses.

7.9 Evaluation and Compliance Programs. Franchisee shall participate at its own expense in programs required from time to time by Al's Hot Chicken Franchising for obtaining customer evaluations, reviewing Franchisee's compliance with the System, and/or managing customer complaints, which may include (but are not limited to) a customer feedback system, customer survey programs, and mystery shopping. Al's Hot Chicken Franchising shall share with Franchisee the results of these programs, as they pertain to the Business. Franchisee must meet or exceed any minimum score requirements set by Al's Hot Chicken Franchising for such programs. Al's Hot Chicken Franchising may set minimum scores that Franchisee must receive from the public on internet review sites (such as Yelp or Google).

7.10 Payment Systems. Franchisee shall accept payment from customers in any form or manner designated by Al's Hot Chicken Franchising (which may include, for example, cash, specific credit and/or debit cards, gift cards, electronic fund transfer systems, and mobile payment systems). Franchisee shall purchase or lease all equipment and enter into all business relationships necessary to accept payments as required by Al's Hot Chicken Franchising. Franchisee must at all times comply with payment card industry data security standards (PCI-DSS).

7.11 Gift Cards, Loyalty Programs, and Incentive Programs. At its own expense, Franchisee shall sell or otherwise issue gift cards, certificates, or other pre-paid systems, and participate in any customer loyalty programs, membership/subscription programs, or customer incentive programs, designated by Al's Hot Chicken Franchising, in the manner specified by Al's Hot Chicken Franchising in the Manual or otherwise in writing. Franchisee shall honor all valid gift cards and other pre-paid systems, regardless of whether issued by Franchisee or another Al's Hot Chicken business. Franchisee shall comply with all procedures and specifications of Al's Hot Chicken Franchising related to gift cards, certificates, and other pre-paid systems, or related to customer loyalty, membership/subscription, or customer incentive programs.

7.12 Maintenance and Repair. Franchisee shall at all times keep the Business in a neat and clean condition, perform all appropriate maintenance, and keep all physical property in good repair. In addition, Franchisee shall promptly perform all work on the physical property of the Business as Al's Hot Chicken Franchising may prescribe from time to time, including but not limited to periodic interior and exterior painting; resurfacing of the parking lot; roof repairs; and replacement of obsolete or worn-out signage, floor coverings, furnishings, equipment, and décor. Franchisee acknowledges that the System Standards may include requirements for cleaning, maintenance, and repair.

7.13 Remodeling. In addition to Franchisee's obligations to comply with all System Standards in effect from time to time, Al's Hot Chicken Franchising may require Franchisee to undertake and complete a Remodel of the Location to Al's Hot Chicken Franchising's satisfaction. Franchisee must complete the Remodel in the time frame specified by Al's Hot Chicken Franchising. Al's Hot Chicken Franchising may require the Franchisee to submit plans for Al's Hot Chicken Franchising's reasonable approval prior to commencing a required Remodel. Al's Hot Chicken Franchising's right to require a Remodel is limited as follows: (i) the Remodel will not be required in the first two or last two years of the term (except that a Remodel may be required as a condition to renewal of the term or a Transfer), and (ii) a Remodel will not be required more than once every five years from the date on which Franchisee was required to complete the prior Remodel.

7.14 Meetings. The Principal Executive shall use reasonable efforts to attend all in-person meetings and remote meetings (such as telephone or video conference calls) that Al's Hot Chicken Franchising requires, including any national or regional brand conventions. Franchisee shall not permit the Principal Executive to fail to attend more than three consecutive required meetings.

7.15 Insurance.

(a) Franchisee shall obtain and maintain insurance policies in the types and amounts as specified by Al's Hot Chicken Franchising in the Manual. If not specified in the Manual, Franchisee shall maintain at least the following insurance coverage:

- (i) "Special" causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible);
- (ii) Business interruption insurance covering at least 12 months of income;
- (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an "occurrence" policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit;
- (iv) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000; and
- (v) Workers Compensation coverage as required by state law.

(b) Franchisee's policies (other than Workers Compensation) must (1) list Al's Hot Chicken Franchising and its affiliates as an additional insured, (2) include a waiver of subrogation in favor of Al's Hot Chicken Franchising and its affiliates, (3) be primary and non-contributing with any insurance carried by Al's Hot Chicken Franchising or its affiliates, and (4) stipulate that Al's Hot Chicken Franchising shall receive 30 days' prior written notice of cancellation.

(c) Franchisee shall provide Certificates of Insurance evidencing the required coverage to Al's Hot Chicken Franchising prior to opening and upon annual renewal of the insurance coverage, as well as at any time upon request of Al's Hot Chicken Franchising.

7.16 Obligations to Third Parties. Franchisee shall pay all vendors and suppliers in a timely manner. Franchisee shall pay all taxes when due. If Franchisee borrows money, it shall comply with the terms of its loan and make all loan payments when due. If Franchisee leases the Location, Franchisee shall comply with its lease for the Location and make all rent payments when due.

7.17 Public Relations. Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding Al's Hot Chicken, the Business, or any particular incident or occurrence related to the Business, without Al's Hot Chicken Franchising's prior written approval, which will not be unreasonably withheld.

7.18 Association with Causes. Franchisee shall not in the name of the Business (i) donate money, products, or services to any charitable, political, religious, or other organization or cause, or (ii) act in support of any such organization or cause, without Al's Hot Chicken Franchising's prior written approval, which will not be unreasonably withheld.

7.19 No Other Activity Associated with the Business. Franchisee shall not engage in any business or other activity at the Location other than operation of the Al's Hot Chicken Business. Franchisee shall not use assets of the Business for any purpose other than the Business. If Franchisee is an entity, the entity shall not own or operate any other business except Al's Hot Chicken businesses.

7.20 No Third-Party Management. Franchisee shall not engage a third-party management company to manage or operate the Business without the prior written approval of Al's Hot Chicken Franchising, which will not be unreasonably withheld.

7.21 Identification. Franchisee must identify itself as the independent owner of the Business in the manner prescribed by Al's Hot Chicken Franchising. Franchisee must display at the Business signage prescribed by Al's Hot Chicken Franchising identifying the Location as an independently owned franchise.

7.22 Business Practices. Franchisee, in all interactions with customers, employees, vendors, governmental authorities, and other third parties, shall be honest and fair. Franchisee shall comply with any code of ethics or statement of values from Al's Hot Chicken Franchising. Franchisee shall not take any action which may injure the goodwill associated with the Marks.

ARTICLE 8. SUPPLIERS AND VENDORS

8.1 Generally. Franchisee shall acquire all Inputs required by Al's Hot Chicken Franchising from time to time in accordance with System Standards. Al's Hot Chicken Franchising may require Franchisee to purchase or lease any Inputs from Al's Hot Chicken Franchising, Al's Hot Chicken Franchising's designee, Required Vendors, Approved Vendors, and/or under Al's Hot Chicken Franchising's specifications. Al's Hot Chicken Franchising may change any such requirement or change the status of any vendor. To make such requirement or change effective, Al's Hot Chicken Franchising shall issue the appropriate System Standards.

8.2 Alternate Vendor Approval. If Al's Hot Chicken Franchising requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by Al's Hot Chicken Franchising. Al's Hot Chicken Franchising may approve or disapprove the alternative vendor in its sole discretion. Al's Hot Chicken Franchising may condition its approval on such criteria as Al's Hot Chicken Franchising deems appropriate, which may include evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Al's Hot Chicken Franchising shall provide Franchisee with written notification of the approval or disapproval of any proposed new vendor within 30 days after receipt of Franchisee's request.

8.3 Alternate Input Approval. If Al's Hot Chicken Franchising requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by Al's Hot Chicken Franchising. Al's Hot Chicken Franchising may approve or disapprove the alternative Input in its sole discretion. Al's Hot Chicken Franchising shall

provide Franchisee with written notification of the approval or disapproval of any proposed alternate Input within 30 days after receipt of Franchisee's request.

8.4 Purchasing. Al's Hot Chicken Franchising may negotiate prices and terms with vendors on behalf of the System. Al's Hot Chicken Franchising may receive rebates, payments, or other consideration from vendors in connection with purchases by franchisees. Al's Hot Chicken Franchising has the right (but not the obligation) to collect payments from Franchisee on behalf of a vendor and remit the payments to the vendor and to impose a reasonable markup or charge for administering the payment program. Al's Hot Chicken Franchising may implement a centralized purchasing system. Al's Hot Chicken Franchising may establish a purchasing cooperative and require Franchisee to join and participate in the purchasing cooperative on such terms and conditions as Al's Hot Chicken Franchising may determine.

8.5 No Liability of Franchisor. Al's Hot Chicken Franchising shall not have any liability to Franchisee for any claim or loss related to any product provided or service performed by any Approved Vendor or Required Vendor, including without limitation defects, delays, or unavailability of products or services.

8.6 Product Recalls. If Al's Hot Chicken Franchising or any vendor, supplier, or manufacturer of an item used or sold in Franchisee's Business issues a recall of such item or otherwise notifies Franchisee that such item is defective or dangerous, Franchisee shall immediately cease using or selling such item, and Franchisee shall at its own expense comply with all instructions from Al's Hot Chicken Franchising or the vendor, supplier, or manufacturer of such item with respect to such item, including without limitation the recall, repair, and/or replacement of such item.

ARTICLE 9. MARKETING

9.1 Approval and Implementation. Franchisee shall not conduct any marketing, advertising, or public relations activities (including in-store marketing materials, websites, online advertising, social media marketing or presence, and sponsorships) that have not been approved by Al's Hot Chicken Franchising. Al's Hot Chicken Franchising may (but is not obligated to) operate all "social media" accounts on behalf of the System, or it may permit franchisees to operate one or more accounts. Franchisee must comply with any System Standards regarding marketing, advertising, and public relations, including any social media policy that Al's Hot Chicken Franchising may prescribe. Franchisee shall implement any marketing plans or campaigns determined by Al's Hot Chicken Franchising.

9.2 Use by Al's Hot Chicken Franchising. Al's Hot Chicken Franchising may use any marketing materials or campaigns developed by or on behalf of Franchisee, and Franchisee hereby grants an unlimited, perpetual, royalty-free license to Al's Hot Chicken Franchising for such purpose.

9.3 Marketing Fund. Al's Hot Chicken Franchising has established or may establish a Marketing Fund to promote the System on a local, regional, national, and/or international level. If Al's Hot Chicken Franchising has established a Marketing Fund:

(a) Account. Al's Hot Chicken Franchising shall hold the Marketing Fund Contributions from all franchisees in one or more bank accounts separate from Al's Hot Chicken Franchising's other accounts.

(b) Use. Al's Hot Chicken Franchising shall use the Marketing Fund only for marketing, advertising, and public relations materials, programs, and campaigns (including at local, regional, national, and/or international level), and related overhead. The foregoing includes such activities and expenses as Al's Hot Chicken Franchising reasonably determines, and may include, without limitation: development and placement of advertising and promotions; sponsorships; contests and sweepstakes; development of décor, trade dress, Marks, and/or branding; development and maintenance of brand websites; social media; internet activities; e-commerce programs; search engine optimization; market research; public relations, media or agency costs; trade shows and other events; printing and mailing; and administrative and overhead expenses related to the Marketing Fund (including the compensation of Al's Hot Chicken Franchising's employees working on marketing and for accounting, bookkeeping, reporting, legal and other expenses related to the Marketing Fund).

(c) Discretion. Franchisee agrees that expenditures from the Marketing Fund need not be proportionate to contributions made by Franchisee or provide any direct or indirect benefit to Franchisee. The Marketing Fund will be spent at Al's Hot Chicken Franchising's sole discretion, and Al's Hot Chicken Franchising has no fiduciary duty with regard to the Marketing Fund.

(d) Contribution by Other Outlets. Al's Hot Chicken Franchising is not obligated to (i) have all other Al's Hot Chicken businesses (whether owned by other franchisees or by Al's Hot Chicken Franchising or its affiliates) contribute to the Marketing Fund, or (ii) have other Al's Hot Chicken businesses that do contribute to the Marketing Fund contribute the same amount or at the same rate as Franchisee.

(e) Surplus or Deficit. Al's Hot Chicken Franchising may accumulate funds in the Marketing Fund and carry the balance over to subsequent years. If the Marketing Fund operates at a deficit or requires additional funds at any time, Al's Hot Chicken Franchising may loan such funds to the Marketing Fund on reasonable terms.

(f) Financial Statement. Al's Hot Chicken Franchising shall prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of Al's Hot Chicken Franchising's fiscal year and shall provide the financial statement to Franchisee upon request.

9.4 Market Cooperatives. Al's Hot Chicken Franchising may establish market advertising and promotional cooperative funds ("Market Cooperative") in any geographical areas. If a Market Cooperative for the geographic area encompassing the Location has been established at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Market Cooperative. If a Market Cooperative for the geographic area encompassing the Location is established during the term of this Agreement, Franchisee shall become a member of such Market Cooperative within 30 days of notice from Al's Hot Chicken Franchising. Al's Hot Chicken Franchising shall not require Franchisee to be a member of more than one Market Cooperative. If Al's Hot Chicken Franchising establishes a Market Cooperative:

(a) Governance. Each Market Cooperative will be organized and governed in a form and manner, and shall commence operations on a date, determined by Al's Hot Chicken Franchising. Al's Hot Chicken Franchising may require the Market Cooperative to adopt bylaws or regulations prepared by Al's Hot Chicken Franchising. Unless otherwise specified by Al's Hot Chicken Franchising, the activities carried on by each Market Cooperative shall be decided by a majority vote of its members. Al's Hot Chicken Franchising will be entitled to attend and participate in any meeting of a Market Cooperative. Any Al's Hot Chicken business owned by Al's Hot Chicken Franchising in the Market Cooperative shall have the same voting rights as those owned by its franchisees. Each Business owner will be entitled to cast one vote for each Business owned, provided, however, that a franchisee shall not be entitled to vote if it is in default under its franchise agreement. If the members of a Market Cooperative are unable or fail to determine the manner in which Market Cooperative monies will be spent, Al's Hot Chicken Franchising may assume this decision-making authority after 10 days' notice to the members of the Market Cooperative.

(b) Purpose. Each Market Cooperative shall be devoted exclusively to administering regional advertising and marketing programs and developing (subject to Al's Hot Chicken Franchising's approval) standardized promotional materials for use by the members in local advertising and promotion.

(c) Approval. No advertising or promotional plans or materials may be used by a Market Cooperative or furnished to its members without the prior approval of Al's Hot Chicken Franchising pursuant to Section 9.1. Al's Hot Chicken Franchising may designate the national or regional advertising agencies used by the Market Cooperative.

(d) Funding. The majority vote of the Market Cooperative will determine the dues to be paid by members of the Market Cooperative, including Franchisee, but not less than 1% and not more than 5% of Gross Sales.

(e) Enforcement. Only Al's Hot Chicken Franchising will have the right to enforce the obligations of franchisees who are members of a Market Cooperative to contribute to the Market Cooperative.

(f) Termination. Al's Hot Chicken Franchising may terminate any Market Cooperative. Any funds left in a Market Cooperative upon termination will be transferred to the Marketing Fund.

9.5 Required Spending. After the Business opens to the public, Franchisee shall spend at least \$1,000 each month on marketing the Business. Upon request of Al's Hot Chicken Franchising, Franchisee shall furnish proof of its compliance with this Section. Al's Hot Chicken Franchising has the discretion to determine in good faith what activities constitute "marketing" under this Section. If Franchisee contributes to a Market Cooperative, the amount of the contribution will be counted towards Franchisee's required spending under this Section.

9.6 Market Introduction Plan. Franchisee must develop a market introduction plan and obtain Al's Hot Chicken Franchising's approval of the market introduction plan at least 30 days before the projected opening date of the Business.

ARTICLE 10. RECORDS AND REPORTS

10.1 Systems. Franchisee shall use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as Al's Hot Chicken Franchising may specify in the Manual or otherwise in writing.

10.2 Reports.

(a) Financial Reports. Franchisee shall provide such periodic financial reports as Al's Hot Chicken Franchising may require in the Manual or otherwise in writing, including:

- (i) a monthly profit and loss statement and balance sheet for the Business within 30 days after the end of each calendar month;
- (ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within 90 days after the end of each calendar year; and
- (iii) any information Al's Hot Chicken Franchising requests in order to prepare a financial performance representation for Al's Hot Chicken Franchising's franchise disclosure document.

(b) Legal Actions and Investigations. Franchisee shall promptly notify Al's Hot Chicken Franchising of any Action or threatened Action by any customer, governmental authority, or other third party against Franchisee or the Business, or otherwise involving the Franchisee or the Business. Franchisee shall provide such documents and information related to any such Action as Al's Hot Chicken Franchising may request.

(c) Government Inspections. Franchisee shall give Al's Hot Chicken Franchising copies of all inspection reports, warnings, certificates, and ratings issued by any governmental entity with respect to the Business, within three days of Franchisee's receipt thereof.

(d) Other Information. Franchisee shall submit to Al's Hot Chicken Franchising such other financial statements, budgets, forecasts, reports, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Business as specified in the Manual or that Al's Hot Chicken Franchising may reasonably request.

10.3 Initial Investment Report. Within 120 days after opening for business, Franchisee shall submit to Al's Hot Chicken Franchising a report detailing Franchisee's investment costs to develop and open the Business, with costs allocated to the categories described in Item 7 of Al's Hot Chicken Franchising's Franchise Disclosure Document and with such other information as Al's Hot Chicken Franchising may request.

10.4 Business Records. Franchisee shall keep complete and accurate books and records reflecting all expenditures and receipts of the Business, with supporting documents (including, but not limited to, payroll records, payroll tax returns, register receipts, production reports, sales invoices, bank statements, deposit receipts, cancelled checks and paid invoices) for at least three

years. Franchisee shall keep such other business records as Al's Hot Chicken Franchising may specify in the Manual or otherwise in writing.

10.5 Records Audit. Al's Hot Chicken Franchising may examine and audit all books and records related to the Business, and supporting documentation, at any reasonable time. Al's Hot Chicken Franchising may conduct the audit at the Location and/or require Franchisee to deliver copies of books, records and supporting documentation to a location designated by Al's Hot Chicken Franchising. Franchisee shall also reimburse Al's Hot Chicken Franchising for all costs and expenses of the examination or audit if (i) Al's Hot Chicken Franchising conducted the audit because Franchisee failed to submit required reports or was otherwise not in compliance with the System, or (ii) the audit reveals that Franchisee understated Gross Sales by 3% or more for any 4-week period.

ARTICLE 11. FRANCHISOR RIGHTS

11.1 Manual; Modification. The Manual, and any part of the Manual, may be in any form or media determined by Al's Hot Chicken Franchising. Al's Hot Chicken Franchising may supplement, revise, or modify the Manual, and Al's Hot Chicken Franchising may change, add, or delete System Standards at any time in its discretion. Al's Hot Chicken Franchising may inform Franchisee thereof by any method that Al's Hot Chicken Franchising deems appropriate (which need not qualify as "notice" under Section 18.9). In the event of any dispute as to the contents of the Manual, Al's Hot Chicken Franchising's master copy will control.

11.2 Inspections. Al's Hot Chicken Franchising may enter the premises of the Business from time to time during normal business hours and conduct an inspection. Franchisee shall cooperate with Al's Hot Chicken Franchising's inspectors. The inspection may include, but is not limited to, observing operations, conducting a physical inventory, evaluating physical conditions, monitoring sales activity, speaking with employees and customers, and removing samples of products, supplies and materials. Al's Hot Chicken Franchising may videotape and/or take photographs of the inspection and the Business. Al's Hot Chicken Franchising may set a minimum score requirement for inspections, and Franchisee's failure to meet or exceed the minimum score will be a default under this Agreement. Without limiting Al's Hot Chicken Franchising's other rights under this Agreement, Franchisee will, as soon as reasonably practical, correct any deficiencies noted during an inspection. If Al's Hot Chicken Franchising conducts an inspection because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard by Franchisee (including following up a previous failed inspection), then Al's Hot Chicken Franchising may charge all out-of-pocket expenses plus its then-current inspection fee to Franchisee.

11.3 Al's Hot Chicken Franchising's Right to Cure. If Franchisee breaches or defaults under any provision of this Agreement, Al's Hot Chicken Franchising may (but has no obligation to) take any action to cure the default on behalf of Franchisee, without any liability to Franchisee. Franchisee shall reimburse Al's Hot Chicken Franchising for its costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee.

11.4 Right to Discontinue Supplies Upon Default. While Franchisee is in default or breach of this Agreement, Al's Hot Chicken Franchising may (i) require that Franchisee pay cash on delivery

for products or services supplied by Al's Hot Chicken Franchising, (ii) stop selling or providing any products and services to Franchisee, and/or (iii) request any third-party vendors to not sell or provide products or services to Franchisee. No such action by Al's Hot Chicken Franchising shall be a breach or constructive termination of this Agreement, change in competitive circumstances or similarly characterized, and Franchisee shall not be relieved of any obligations under this Agreement because of any such action. Such rights of Al's Hot Chicken Franchising are in addition to any other right or remedy available to Al's Hot Chicken Franchising.

11.5 Business Data. All customer data and other non-public data generated by the Business (other than data related to employees and personal data subject to applicable privacy laws) is Confidential Information and is exclusively owned by Al's Hot Chicken Franchising. Al's Hot Chicken Franchising hereby licenses such data back to Franchisee without charge solely for Franchisee's use in connection with the Business for the term of this Agreement.

11.6 Innovations. Franchisee shall disclose to Al's Hot Chicken Franchising all ideas, plans, improvements, concepts, methods, and techniques relating to the Business (collectively, "Innovations") conceived or developed by Franchisee, its employees, agents, or contractors. Al's Hot Chicken Franchising will automatically own all Innovations, and it will have the right to use and incorporate any Innovations into the System, without any compensation to Franchisee. Franchisee shall execute any documents reasonably requested by Al's Hot Chicken Franchising to document Al's Hot Chicken Franchising's ownership of Innovations.

11.7 Communication Systems. If Al's Hot Chicken Franchising provides email accounts and/or other communication systems to Franchisee, then Franchisee acknowledges that it has no expectation of privacy in the assigned email accounts and other communications systems, and Franchisee authorizes Al's Hot Chicken Franchising to access such communications.

11.8 Communication with Employees. Franchisee irrevocably authorizes Al's Hot Chicken Franchising to communicate with Franchisee's employees and contractors on any matter related to the System or the Business. Franchisee will not prohibit any employee or contractor from communicating with Al's Hot Chicken Franchising on any matter related to the System or the Business.

11.9 Communications with Landlord and Lenders. Franchisee irrevocably authorizes Al's Hot Chicken Franchising to communicate with Franchisee's landlord and lender(s), or prospective landlord and lender(s), about matters relating to the Business, and to provide information about the Business to them.

11.10 Delegation. Al's Hot Chicken Franchising may delegate any duty or obligation of Al's Hot Chicken Franchising under this Agreement to an affiliate or to a third party.

11.11 System Variations. Al's Hot Chicken Franchising may vary or waive any System Standard for any one or more Al's Hot Chicken franchises due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices, applicable laws or regulations, or any other condition relevant to the performance of a franchise or group of franchises. Franchisee is not entitled to the same variation or waiver.

11.12 Temporary Public Safety Closure. If Al's Hot Chicken Franchising discovers or becomes aware of any aspect of the Business which, in Al's Hot Chicken Franchising's opinion, constitutes an imminent danger to the health or safety of any person, then immediately upon Al's Hot Chicken Franchising's order, Franchisee must temporarily cease operations of the Business and remedy the dangerous condition. Al's Hot Chicken Franchising shall have no liability to Franchisee or any other person for action or failure to act with respect to a dangerous condition.

ARTICLE 12. MARKS

12.1 Authorized Marks. Franchisee shall use no trademarks, service marks or logos in connection with the Business other than the Marks. Franchisee shall use all Marks specified by Al's Hot Chicken Franchising, and only in the manner as Al's Hot Chicken Franchising may require. Franchisee has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement. All use of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill arising due to Franchisee's operation of the Business, will inure to the exclusive benefit of Al's Hot Chicken Franchising.

12.2 Change of Marks. Al's Hot Chicken Franchising may add, modify, or discontinue any Marks to be used under the System. Within a reasonable time after Al's Hot Chicken Franchising makes any such change (not to exceed 90 days), Franchisee must comply with the change, at Franchisee's expense.

12.3 Infringement.

(a) Defense of Franchisee. If Franchisee has used the Marks in accordance with this Agreement, then (i) Al's Hot Chicken Franchising shall defend Franchisee (at Al's Hot Chicken Franchising's expense) against any Action by a third party alleging infringement by Franchisee's use of a Mark, and (ii) Al's Hot Chicken Franchising shall indemnify Franchisee for expenses and damages if the Action is resolved unfavorably to Franchisee.

(b) Infringement by Third Party. Franchisee shall promptly notify Al's Hot Chicken Franchising if Franchisee becomes aware of any possible infringement of a Mark by a third party. Al's Hot Chicken Franchising may, in its sole discretion, commence or join any claim against the infringing party.

(c) Control. Al's Hot Chicken Franchising shall have the exclusive right to control any prosecution or defense of any Action related to possible infringement of or by the Marks.

12.4 Name. If Franchisee is an entity, it shall not use the word[s] "Al's Hot Chicken" or any confusingly similar words in its legal name.

ARTICLE 13. COVENANTS

13.1 Confidential Information. With respect to all Confidential Information, Franchisee shall (a) adhere to all procedures prescribed by Al's Hot Chicken Franchising for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized in writing by Al's Hot Chicken Franchising, (d) exercise the highest

degree of diligence and effort to maintain the confidentiality of all such information during and after the term of this Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Franchisee acknowledges that all Confidential Information is owned by Al's Hot Chicken Franchising (except for Confidential Information which Al's Hot Chicken Franchising licenses from another person or entity). This Section will survive the termination or expiration of this Agreement indefinitely.

13.2 Covenants Not to Compete.

(a) Restriction – In Term. During the term of this Agreement, neither Franchisee, any Owner, nor any spouse of an Owner (the “Restricted Parties”) shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor.

(b) Restriction – Post Term. For two years after this Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor within five miles of Franchisee's Territory or the territory of any other Al's Hot Chicken business operating on the date of expiration, termination, or transfer, as applicable. If this Agreement is terminated before the Territory is determined, then the area of non-competition will be within five miles of the Development Area and within five miles of the territory of any other Al's Hot Chicken business operating on the date of termination.

(c) Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any arbitrator or court, then the parties intend that the arbitrator or court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of Al's Hot Chicken Franchising. Franchisee agrees that the existence of any claim it may have against Al's Hot Chicken Franchising shall not constitute a defense to the enforcement by Al's Hot Chicken Franchising of the covenants of this Section. If a Restricted Party fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

13.3 General Manager and Key Employees. If requested by Al's Hot Chicken Franchising, Franchisee shall cause its general manager and other key employees reasonably designated by Al's Hot Chicken Franchising to sign Al's Hot Chicken Franchising's then-current form of confidentiality and non-compete agreement (unless prohibited by applicable law).

ARTICLE 14. DEFAULT AND TERMINATION

14.1 Termination by Franchisee. Franchisee may terminate this Agreement if Al's Hot Chicken Franchising violates a material provision of this Agreement and fails to cure or to make substantial progress toward curing the violation within 30 days after receiving written notice from Franchisee detailing the alleged default. Franchisee may also terminate this Agreement under any

grounds provided for by law. Termination by Franchisee is effective 10 days after Al's Hot Chicken Franchising receives written notice of termination.

14.2 Termination by Al's Hot Chicken Franchising.

(a) Subject to 10-Day Cure Period. Al's Hot Chicken Franchising may terminate this Agreement if Franchisee does not make any payment to Al's Hot Chicken Franchising when due, or if Franchisee does not have sufficient funds in its account when Al's Hot Chicken Franchising attempts an electronic funds withdrawal, and Franchisee fails to cure such non-payment within 10 days after Al's Hot Chicken Franchising gives notice to Franchisee of such breach.

(b) Subject to 30-Day Cure Period. If Franchisee breaches this Agreement in any manner not described in subsection (a) or (c), and Franchisee fails to cure such breach to Al's Hot Chicken Franchising's satisfaction within 30 days after Al's Hot Chicken Franchising gives notice to Franchisee of such breach, then Al's Hot Chicken Franchising may terminate this Agreement.

(c) Without Cure Period. Al's Hot Chicken Franchising may terminate this Agreement by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;
- (ii) Franchisee knowingly submits any false report or knowingly provides any other false information to Al's Hot Chicken Franchising;
- (iii) a receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors, or Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for 30 days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within 45 days, or Franchisee is adjudicated as bankrupt;
- (iv) Franchisee fails to open for business by the date specified on the Summary Page;
- (v) Franchisee loses possession of the Location;
- (vi) Franchisee or any Owner commits a material violation of Section 7.2 (compliance with laws) or Section 13.1 (confidentiality), violates Section 13.2 (non-compete) or Article 15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;
- (vii) Franchisee abandons or ceases operation of the Business for more than five consecutive days;
- (viii) Franchisee or any Owner slanders or libels Al's Hot Chicken Franchising or any of its employees, directors, or officers;

- (ix) Franchisee refuses to cooperate with or permit any audit or inspection by Al's Hot Chicken Franchising or its agents or contractors, or otherwise fails to comply with Section 10.5 or Section 11.2;
- (x) the Business is operated in a manner which, in Al's Hot Chicken Franchising's reasonable judgment, constitutes a significant danger to the health or safety of any person, and Franchisee fails to cure such danger within 48 hours after becoming aware of the danger (due to notice from Al's Hot Chicken Franchising or otherwise);
- (xi) Franchisee has received two or more notices of default and Franchisee commits another breach of this Agreement, all in the same 12-month period;
- (xii) Al's Hot Chicken Franchising (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate) (provided that termination of a Multi-Unit Development Agreement with Franchisee or its affiliate shall not give Al's Hot Chicken Franchising the right to terminate this Agreement);
- (xiii) Franchisee fails to meet the health inspection standards described in Section 7.3(e) two or more times in any 36-month period;
- (xiv) Franchisee fails to achieve a passing score on an inspection conducted by Al's Hot Chicken Franchising two or more times in any 36-month period;
- (xv) Franchisee or any Owner is charged with, pleads guilty or no-contest to, or is convicted of a felony; or
- (xvi) Franchisee or any Owner is accused by any governmental authority or third party of any act, or if Franchisee or any Owner commits any act or series of acts, that in Al's Hot Chicken Franchising's opinion is reasonably likely to materially and unfavorably affect the Al's Hot Chicken brand.

14.3 Effect of Termination. Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, indemnity, and dispute resolution, will remain in effect, and Franchisee must immediately:

- (i) pay all amounts owed to Al's Hot Chicken Franchising based on the operation of the Business through the effective date of termination or expiration;
- (ii) return to Al's Hot Chicken Franchising all copies of the Manual, Confidential Information and any and all other materials provided by Al's Hot Chicken Franchising to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items; and delete all Confidential Information and proprietary materials from electronic devices;

- (iii) notify the telephone, internet, email, electronic network, directory, and listing entities of the termination or expiration of Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and authorize their transfer to Al's Hot Chicken Franchising or any new franchisee as may be directed by Al's Hot Chicken Franchising, and Franchisee hereby irrevocably appoints Al's Hot Chicken Franchising, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing; and
- (iv) cease doing business under any of the Marks.

14.4 Remove Identification. Within 30 days after termination or expiration, Franchisee shall at its own expense "de-identify" the Location so that it no longer contains the Marks, signage, or any trade dress of an Al's Hot Chicken business, to the reasonable satisfaction of Al's Hot Chicken Franchising. Franchisee shall comply with any reasonable instructions and procedures of Al's Hot Chicken Franchising for de-identification. If Franchisee fails to do so within 30 days after this Agreement expires or is terminated, Al's Hot Chicken Franchising may enter the Location to remove the Marks and de-identify the Location. In this event, Al's Hot Chicken Franchising will not be charged with trespass nor be accountable or required to pay for any assets removed or altered, or for any damage caused by Al's Hot Chicken Franchising.

14.5 Liquidated Damages. If Al's Hot Chicken Franchising terminates this Agreement based upon Franchisee's default (or if Franchisee purports to terminate this Agreement except as permitted under Section 14.1), then within 10 days thereafter Franchisee shall pay to Al's Hot Chicken Franchising a lump sum (as liquidated damages and not as a penalty) calculated as follows: (x) the average weekly Royalty Fees and Marketing Fund Contributions that Franchisee owed to Al's Hot Chicken Franchising under this Agreement for the 52-week period preceding the date on which Franchisee ceased operating the Business (disregarding any fee waivers or reductions granted to Franchisee); multiplied by (y) the lesser of (1) 104 or (2) the number of weeks remaining in the then-current term of this Agreement. If Franchisee had not operated the Business for at least 52 weeks, then (x) will equal the average weekly Royalty Fees and Marketing Fund Contributions that Franchisee owed to Al's Hot Chicken Franchising during the period that Franchisee operated the Business. The "average Royalty Fees and Marketing Fund Contributions that Franchisee owed to Al's Hot Chicken Franchising" shall not be discounted or adjusted due to any deferred or reduced Royalty Fees and Marketing Fund Contributions set forth in an addendum to this Agreement, unless this Section 14.5 is specifically amended in such addendum. Franchisee acknowledges that a precise calculation of the full extent of Al's Hot Chicken Franchising's damages under these circumstances is difficult to determine and the method of calculation of such damages as set forth in this Section is reasonable. Franchisee's payment to Al's Hot Chicken Franchising under this Section will be in lieu of any direct monetary damages that Al's Hot Chicken Franchising may incur as a result of Al's Hot Chicken Franchising's loss of Royalty Fees and Marketing Fund Contributions that would have been owed to Al's Hot Chicken Franchising after the date of termination; however, such payment shall be in addition to all damages and other amounts arising under Section 14.3 and Section 14.4, Al's Hot Chicken Franchising's right to injunctive relief for enforcement of Article 13, and any attorneys' fees and other costs and expenses to which Al's Hot Chicken Franchising is entitled under this Agreement. Except as provided in

this Section, Franchisee's payment of this lump sum shall be in addition to any other right or remedy that Al's Hot Chicken Franchising may have under this Agreement or otherwise.

14.6 Purchase Option. When this Agreement expires or is terminated, Al's Hot Chicken Franchising will have the right (but not the obligation) to purchase any or all of the assets related to the Business, and/or to require Franchisee to assign its lease or sublease to Al's Hot Chicken Franchising. To exercise this option, Al's Hot Chicken Franchising must notify Franchisee no later than 30 days after this Agreement expires or is terminated. The purchase price for all assets that Al's Hot Chicken Franchising elects to purchase will be the lower of (i) the book value of such assets as declared on Franchisee's last filed tax returns or (ii) the fair market value of the assets. If the parties cannot agree on fair market value within 30 days after the exercise notice, the fair market value will be determined by an independent appraiser reasonably acceptable to both parties. The parties will equally share the cost of the appraisal. Al's Hot Chicken Franchising's purchase will be of assets only (free and clear of all liens), and the purchase will not include any liabilities of Franchisee. The purchase price for assets will not include any factor or increment for any trademark or other commercial symbol used in the business, the value of any intangible assets, or any goodwill or "going concern" value for the Business. Al's Hot Chicken Franchising may withdraw its exercise of the purchase option at any time before it pays for the assets. Franchisee will sign a bill of sale for the purchased assets and any other transfer documents reasonably requested by Al's Hot Chicken Franchising. If Al's Hot Chicken Franchising exercises the purchase option, Al's Hot Chicken Franchising may deduct from the purchase price: (a) all amounts due from Franchisee; (b) Franchisee's portion of the cost of any appraisal conducted hereunder; and (c) amounts paid or to be paid by Al's Hot Chicken Franchising to cure defaults under Franchisee's lease and/or amounts owed by Franchisee to third parties. If any of the assets are subject to a lien, Al's Hot Chicken Franchising may pay a portion of the purchase price directly to the lienholder to pay off such lien. Al's Hot Chicken Franchising may withhold 25% of the purchase price for 90 days to ensure that all of Franchisee's taxes and other liabilities are paid. Al's Hot Chicken Franchising may assign this purchase option to another party.

ARTICLE 15. TRANSFERS

15.1 By Al's Hot Chicken Franchising. Al's Hot Chicken Franchising may transfer or assign this Agreement, or any of its rights or obligations under this Agreement, to any person or entity, and Al's Hot Chicken Franchising may undergo a change in ownership and/or control, without the consent of Franchisee.

15.2 By Franchisee. Franchisee acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that Al's Hot Chicken Franchising entered into this Agreement in reliance on Franchisee's business skill, financial capacity, personal character, experience, and business ability. Accordingly, Franchisee shall not conduct or undergo a Transfer without providing Al's Hot Chicken Franchising at least 60 days prior notice of the proposed Transfer, and without obtaining Al's Hot Chicken Franchising's consent. In granting any such consent, Al's Hot Chicken Franchising may impose conditions, including, without limitation, the following:

- (i) Al's Hot Chicken Franchising receives a transfer fee equal to \$5,000;

- (ii) the proposed Transferee and its owners have completed Al's Hot Chicken Franchising's franchise application processes, meet Al's Hot Chicken Franchising's then-applicable standards for new franchisees, and have been approved by Al's Hot Chicken Franchising as franchisees;
- (iii) the proposed Transferee is not a Competitor;
- (iv) the proposed Transferee executes Al's Hot Chicken Franchising's then-current form of franchise agreement and any related documents, which form may contain materially different provisions than this Agreement (provided, however, that the proposed assignee will not be required to pay an initial franchise fee);
- (v) all owners of the proposed Transferee provide a guaranty in accordance with Section 2.5;
- (vi) Franchisee has paid all monetary obligations to Al's Hot Chicken Franchising and its affiliates, and to any lessor, vendor, supplier, or lender to the Business, and Franchisee is not otherwise in default or breach of this Agreement or of any other obligation owed to Al's Hot Chicken Franchising or its affiliates;
- (vii) the proposed Transferee and its owners and employees undergo such training as Al's Hot Chicken Franchising may require;
- (viii) Franchisee, its Owners, and the Transferee and its owners execute a general release of Al's Hot Chicken Franchising in a form satisfactory to Al's Hot Chicken Franchising; and
- (ix) the Business fully complies with all of Al's Hot Chicken Franchising's most recent System Standards.

15.3 Transfer for Convenience of Ownership. If Franchisee is an individual, Franchisee may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership after at least 15 days' notice to Al's Hot Chicken Franchising, if, prior to the Transfer: (1) the transferee provides the information required by Section 2.3; (2) Franchisee provides copies of the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by Al's Hot Chicken Franchising, (3) Franchisee owns all voting securities of the corporation or limited liability company, and (4) Franchisee provides a guaranty in accordance with Section 2.5.

15.4 Transfer upon Death or Incapacity. Upon the death or incapacity of Franchisee (or, if Franchisee is an entity, the Owner with the largest ownership interest in Franchisee), the executor, administrator, or personal representative of that person must Transfer the Business to a third party approved by Al's Hot Chicken Franchising (or to another person who was an Owner at the time of death or incapacity of the largest Owner) within nine months after death or incapacity. Such transfer must comply with Section 15.2.

15.5 Al's Hot Chicken Franchising's Right of First Refusal. Before Franchisee (or any Owner) engages in a Transfer (except under Section 15.3, to a co-Owner, or to a spouse, sibling,

or child of an Owner), Al's Hot Chicken Franchising will have a right of first refusal, as set forth in this Section. Franchisee (or its Owners) shall provide to Al's Hot Chicken Franchising a copy of the terms and conditions of any Transfer. For a period of 30 days from the date of Al's Hot Chicken Franchising's receipt of such copy, Al's Hot Chicken Franchising will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions (except that if some or all of the purchase price is not payable in cash, Al's Hot Chicken Franchising may pay the equivalent value in cash for the purchase price). If Al's Hot Chicken Franchising does not exercise its right of first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Article.

15.6 No Sublicense. Franchisee has no right to sublicense the Marks or any of Franchisee's rights under this Agreement.

15.7 No Lien on Agreement. Franchisee shall not grant a security interest in this Agreement to any person or entity. If Franchisee grants an "all assets" security interest to any lender or other secured party, Franchisee shall cause the secured party to expressly exempt this Agreement from the security interest.

ARTICLE 16. INDEMNITY

16.1 Indemnity. Franchisee shall indemnify and defend (with counsel reasonably acceptable to Al's Hot Chicken Franchising) Al's Hot Chicken Franchising, its parent entities, subsidiaries and affiliates, and their respective owners, directors, officers, employees, agents, successors and assignees (collectively, "Indemnitees") against all Losses in any Action by or against Al's Hot Chicken Franchising and/or any Indemnatee directly or indirectly related to, or alleged to arise out of, the operation of the Business. Notwithstanding the foregoing, Franchisee shall not be obligated to indemnify an Indemnatee from Actions arising as a result of any Indemnatee's intentional misconduct or negligence. Any delay or failure by an Indemnatee to notify Franchisee of an Action shall not relieve Franchisee of its indemnity obligation except to the extent (if any) that such delay or failure materially prejudices Franchisee. Franchisee shall not settle an Action without the consent of the Indemnatee. This indemnity will continue in effect after this Agreement ends.

16.2 Assumption. An Indemnatee may elect to assume the defense of any Action subject to this indemnification, and control all aspects of defending the Action, including negotiations and settlement, at Franchisee's expense. Such an undertaking shall not diminish Franchisee's obligation to indemnify the Indemnitees.

ARTICLE 17. DISPUTE RESOLUTION

17.1 Arbitration.

(a) Disputes Subject to Arbitration. Except as expressly provided in subsections (c) and (d), any controversy or claim between the parties (including any controversy or claim arising out of or relating to this Agreement or its formation and including any question of arbitrability) shall be resolved by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, including the Optional Rules for Emergency Measures of Protection. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction.

(b) Location. The place of arbitration shall be the city and state where Al's Hot Chicken Franchising's headquarters are located.

(c) Injunctive Relief. Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy or right to arbitrate under this Agreement, seek from any court having jurisdiction any interim or provisional injunctive relief.

(d) Intellectual Property Claims. Either party may bring a claim involving an alleged infringement of any of Al's Hot Chicken Franchising's intellectual property rights in a court authorized to hear such claims under Section 17.5 of this Agreement.

(e) Confidentiality. All documents, information, and results pertaining to any arbitration or lawsuit will be confidential, except as required by law or as required for Al's Hot Chicken Franchising to comply with laws and regulations applicable to the sale of franchises.

(f) Performance During Arbitration or Litigation. Unless this Agreement has been terminated, Al's Hot Chicken Franchising and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration or litigation process.

17.2 Damages. In any controversy or claim arising out of or relating to this Agreement, each party waives any right to punitive or other monetary damages not measured by the prevailing party's actual damages, except damages expressly authorized by federal statute and damages expressly authorized by this Agreement.

17.3 Waiver of Class Actions. The parties agree that any claims will be arbitrated, litigated, or otherwise resolved on an individual basis, and waive any right to act on a class-wide basis.

17.4 Time Limitation. Any arbitration or other legal action arising from or related to this Agreement must be instituted within two years from the date such party discovers the conduct or event that forms the basis of the arbitration or other legal action. The foregoing time limit does not apply to claims (i) by one party related to non-payment under this Agreement by the other party, (ii) for indemnity under Article 16, or (iii) related to unauthorized use of Confidential Information or the Marks.

17.5 Venue Other Than Arbitration. For any legal proceeding not required to be submitted to arbitration, the parties agree that such proceeding will be brought in the United States District Court where Al's Hot Chicken Franchising's headquarters is then located. If there is no federal jurisdiction over the dispute, the parties agree that any such legal proceeding will be brought in the court of record of the state and county where Al's Hot Chicken Franchising's headquarters is then located. Each party consents to the jurisdiction of such courts and waives any objection that it, he or she may have to the laying of venue of any proceeding in any of these courts.

17.6 Legal Costs. In any legal proceeding (including arbitration) related to this Agreement or any guaranty, the non-prevailing party shall pay the prevailing party's attorney fees, costs, and other expenses of the legal proceeding. "Prevailing party" means the party, if any, which prevailed upon the central litigated issues and obtained substantial relief.

17.7 Franchisor Personnel. The provisions of this Article 17 will apply to any Action by Franchisee or its Owners against Al's Hot Chicken Franchising's officers, directors, shareholders, members, employees, and/or agents. Nothing in this Agreement authorizes any Action against Al's Hot Chicken Franchising's officers, directors, shareholders, members, employees, and/or agents or makes those persons liable for Al's Hot Chicken Franchising's conduct.

ARTICLE 18. MISCELLANEOUS

18.1 Relationship of the Parties. The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee of the other. Al's Hot Chicken Franchising is not a fiduciary of Franchisee. Al's Hot Chicken Franchising does not control or have the right to control Franchisee or its Business. Any required specifications and standards in this Agreement and in the System Standards exist to protect Al's Hot Chicken Franchising's interest in the System and the Marks, and the goodwill established in them, and not for the purpose of establishing any control, or duty to take control, over the Business. Al's Hot Chicken Franchising has no liability for Franchisee's obligations to any third party whatsoever.

18.2 No Third-Party Beneficiaries. Except as stated in Article 16 or Article 17, this Agreement does not confer any rights or remedies upon any person or entity other than Franchisee, Al's Hot Chicken Franchising, and Al's Hot Chicken Franchising's affiliates.

18.3 Entire Agreement. This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by Al's Hot Chicken Franchising in its franchise disclosure document.

18.4 Modification. No modification or amendment of this Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit Al's Hot Chicken Franchising's rights to modify the Manual or System Standards.

18.5 Consent; Waiver. No consent under this Agreement, and no waiver of satisfaction of a condition or nonperformance of an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the consent or waiver. No waiver by a party of any right will affect the party's rights as to any subsequent exercise of that right or any other right. No delay, forbearance, or omission by a party to exercise any right will constitute a waiver of such right.

18.6 Cumulative Remedies. Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

18.7 Severability. The parties intend that (i) if any provision of this Agreement is held by an arbitrator or court to be unenforceable, then that provision be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded, and (ii) if an unenforceable provision is modified or disregarded, then the rest of this Agreement will remain in effect as written.

18.8 Governing Law. The laws of the state of Delaware (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that

any Delaware law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 18.8.

18.9 Notices. Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (A) if to Franchisee, addressed to Franchisee at the notice address set forth in the Summary Page; and (B) if to Al's Hot Chicken Franchising, addressed to 1663 Sawtelle Blvd, Suite 200, Los Angeles, CA 90025. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices must be: (1) delivered personally; (2) sent by registered or certified U.S. mail with return receipt requested; or (3) sent via overnight courier. Notices will be effective upon the earlier of: (i) receipt by the recipient, (ii) first rejection by the recipient, (iii) three business days after mailing if sent via registered or certified mail; or (iv) the next business day after mailing if sent via overnight courier. Notwithstanding the foregoing, Al's Hot Chicken Franchising may amend the Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication, in which case notice would be effective on Franchisee upon the delivery of the electronic mail or other electronic communication.

18.10 Holdover. If Franchisee continues operating the Business after the expiration of the term without a renewal agreement or successor franchise agreement executed by the parties in accordance with Section 3.2, then at any time (regardless of any course of dealing by the parties), Al's Hot Chicken Franchising may by giving written notice to Franchisee (the "Holdover Notice") either (i) require Franchisee to cease operating the Business and comply with all post-closing obligations effective immediately upon giving notice or effective on such other date as Al's Hot Chicken Franchising specifies, or (ii) bind Franchisee to a renewal term of 5 years, and deem Franchisee and its Owners to have made the general release of liability described in Section 3.2(vi).

18.11 Joint and Several Liability. If two or more people sign this Agreement as "Franchisee", each will have joint and several liability.

18.12 No Offer and Acceptance. Delivery of a draft of this Agreement to Franchisee by Al's Hot Chicken Franchising does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and Al's Hot Chicken Franchising.

Agreed to by:

FRANCHISOR:

AL'S HOT CHICKEN FRANCHISING, LLC

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

Attachment 1 to Franchise Agreement

OWNERSHIP INFORMATION

- 1. Form of Ownership.** Franchisee is a (check one):

_____ *Sole Proprietorship*
_____ *Partnership*
_____ *Limited Liability Company*
_____ *Corporation*

State: _____

- 2. Owners.** If Franchisee is a partnership, limited liability company or corporation:

Name	Shares or Percentage of Ownership

- 3. Officers.** If Franchisee is a limited liability company or corporation:

Name	Title

Attachment 2 to Franchise Agreement

LOCATION ACCEPTANCE LETTER

To: _____

This Location Acceptance Letter is issued by Al's Hot Chicken Franchising, LLC for your Al's Hot Chicken franchise in accordance with Section 6.1 of the Franchise Agreement.

1. The Location of the Business is:

AL'S HOT CHICKEN FRANCHISING, LLC

By: _____

Name: _____

Title: _____

Date: _____

Attachment 3 to Franchise Agreement

GUARANTY AND NON-COMPETE AGREEMENT

This Guaranty and Non-Compete Agreement (this “Guaranty”) is executed by the undersigned person(s) (each, a “Guarantor”) in favor of Al’s Hot Chicken Franchising, LLC, a Delaware limited liability company (“Al’s Hot Chicken Franchising”).

Non-competition covenants are subject to state law.

Background Statement: _____ (“Franchisee”) desires to enter into a Franchise Agreement with Al’s Hot Chicken Franchising for the franchise of an Al’s Hot Chicken business (the “Franchise Agreement”; capitalized terms used but not defined in this Guaranty have the meanings given in the Franchise Agreement). Guarantor owns an equity interest in Franchisee. Guarantor is executing this Guaranty in order to induce Al’s Hot Chicken Franchising to enter into the Franchise Agreement.

Guarantor agrees as follows:

1. Guaranty. Guarantor hereby unconditionally guarantees to Al’s Hot Chicken Franchising and its successors and assigns that Franchisee shall pay and perform every undertaking, agreement and covenant set forth in the Franchise Agreement and further guarantees every other liability and obligation of Franchisee to Al’s Hot Chicken Franchising, whether or not contained in the Franchise Agreement. Guarantor shall render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and Al’s Hot Chicken Franchising upon demand from Al’s Hot Chicken Franchising. Guarantor waives (a) acceptance and notice of acceptance by Al’s Hot Chicken Franchising of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guaranty by the undersigned; (f) any law which requires that Al’s Hot Chicken Franchising make demand upon, assert claims against or collect from Franchisee or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

2. Confidential Information. With respect to all Confidential Information Guarantor shall (a) adhere to all security procedures prescribed by Al’s Hot Chicken Franchising for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by Al’s Hot Chicken Franchising, (d) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such

information during and after the term of the Franchise Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Guarantor acknowledges that all Confidential Information is owned by Al's Hot Chicken Franchising or its affiliates (except for Confidential Information which Al's Hot Chicken Franchising licenses from another person or entity). Guarantor acknowledges that all customer data generated or obtained by Guarantor is Confidential Information belonging to Al's Hot Chicken Franchising. This Section will survive the termination or expiration of the Franchise Agreement indefinitely.

3. Covenants Not to Compete.

(a) Restriction - In Term. During the term of the Franchise Agreement, Guarantor shall not directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor.

(b) Restriction – Post Term. For two years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer by Guarantor), Guarantor shall not directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor located within five miles of Franchisee's Territory or the territory of any other Al's Hot Chicken business operating on the date of expiration, termination, or transfer, as applicable. If the Franchise Agreement is terminated before the Territory is determined, then the area of non-competition will be within five miles of the Development Area and within five miles of the territory of any other Al's Hot Chicken business operating on the date of termination.

(c) Interpretation. Guarantor agrees that each of the foregoing covenants is independent of any other covenant or provision of this Guaranty or the Franchise Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court or arbitrator, then the parties intend that the court or arbitrator modify such restriction to the extent reasonably necessary to protect the legitimate business interests of Al's Hot Chicken Franchising. Guarantor agrees that the existence of any claim it or Franchisee may have against Al's Hot Chicken Franchising shall not constitute a defense to the enforcement by Al's Hot Chicken Franchising of the covenants of this Section. If Guarantor fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

4. Modification. Guarantor agrees that Guarantor's liability hereunder shall not be diminished, relieved, or otherwise affected by (a) any amendment of the Franchise Agreement, (b) any extension of time, credit, or other indulgence which Al's Hot Chicken Franchising may from time -to -time grant to Franchisee or to any other person or entity, or (c) the acceptance of any partial payment or performance or the compromise or release of any claims.

5. Governing Law; Dispute Resolution. This Guaranty shall be governed by and construed in accordance with the laws of the state of Delaware (without giving effect to its principles of conflicts of law). The parties agree that any Delaware law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 5. The provisions of Article 17 (Dispute

Resolution) of the Franchise Agreement apply to and are incorporated into this Guaranty as if fully set forth herein. Guarantor shall pay to Al's Hot Chicken Franchising all costs incurred by Al's Hot Chicken Franchising (including reasonable attorney fees) in enforcing this Guaranty. If multiple Guarantors sign this Guaranty, each will have joint and several liability.

Agreed to by:

Name: _____

Address: _____

Date: _____

Name: _____

Address: _____

Date: _____

Name: _____

Address: _____

Date: _____

EXHIBIT C

MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement (this “MUDA”) is made between Al’s Hot Chicken Franchising, LLC, a Delaware limited liability company (“Al’s Hot Chicken Franchising”) and _____, a _____ (“Franchisee”) on the Effective Date.

Background Statement: On the same day as they execute this MUDA, Al’s Hot Chicken Franchising and Franchisee have entered into a Franchise Agreement for the franchise of an Al’s Hot Chicken business (the “Franchise Agreement”; capitalized terms used but not defined in this MUDA have the meanings given in the Franchise Agreement). Al’s Hot Chicken Franchising and Franchisee desire that Franchisee develop multiple Al’s Hot Chicken businesses.

1. Multi-Unit Commitment.

(a) Development Schedule; Fee. Franchisee shall develop and open Al’s Hot Chicken businesses on the following schedule:

Store #	Deadline for Opening	Total # of Stores to be Open and Operating on Deadline	Initial Franchise Fee
1		1	\$_____
2		2	\$_____
3		3	\$_____
4		4	\$_____
5		5	\$_____
Total Initial Franchise Fee:			

(b) Payment. Upon execution of this MUDA, Franchisee shall pay the total Initial Franchise Fee to Al’s Hot Chicken Franchising. The Initial Franchise Fee is non-refundable.

2. Form of Agreement. For Store #1, Franchisee and Al’s Hot Chicken Franchising have executed the Franchise Agreement simultaneously with this MUDA. For each additional Al’s Hot Chicken franchise, Franchisee shall execute Al’s Hot Chicken Franchising’s then-current standard form of franchise agreement no later than three business days after Franchisee leases or acquires a location. This MUDA does not give Franchisee the right to construct, open, or operate an Al’s Hot Chicken business, and Franchisee acknowledges that Franchisee may construct, open, and operate each Al’s Hot Chicken business only pursuant to a separate franchise agreement executed pursuant to this MUDA for each such Al’s Hot Chicken business.

3. Development Area. Franchisee shall locate each Al's Hot Chicken business it develops under this MUDA within the following area: _____
(the "Development Area"). Franchisee will have exclusive rights to develop, open or operate Al's Hot Chicken businesses in the Development Area while this agreement is effective.

4. Default and Termination. Al's Hot Chicken Franchising may terminate this MUDA by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee fails to satisfy the development schedule; or
- (ii) Al's Hot Chicken Franchising has the right to terminate any franchise agreement between Al's Hot Chicken Franchising and Franchisee (or any affiliate thereof) due to Franchisee's default thereunder (whether or not Al's Hot Chicken Franchising actually terminates such franchise agreement).

5. Limitation of Liability. Franchisee's commitment to develop Al's Hot Chicken businesses is in the nature of an option only. If Al's Hot Chicken Franchising terminates this MUDA for Franchisee's default, Franchisee shall not be liable to Al's Hot Chicken Franchising for lost future revenues or profits from the unopened Al's Hot Chicken businesses. Franchisee may terminate this MUDA at any time.

6. Conditions. Franchisee's right to develop each Al's Hot Chicken franchise after the Store #1 is subject to the following:

- (i) Franchisee must possess sufficient financial and organizational capacity to develop, open, operate, and manage each additional Al's Hot Chicken business, in the reasonable judgment of Al's Hot Chicken Franchising, and
- (ii) Franchisee must be in full compliance with all brand requirements at its open Al's Hot Chicken businesses, and not in default under any Franchise Agreement or any other agreement with Al's Hot Chicken Franchising.

7. Dispute Resolution; Miscellaneous. The laws of the State of Delaware (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any Delaware law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 7. Franchisee shall not Transfer this MUDA without the prior written consent of Al's Hot Chicken Franchising, and any Transfer without Al's Hot Chicken Franchising's prior written consent shall be void. The provisions of Article 17 (Dispute Resolution) and Article 18 (Miscellaneous) of the Franchise Agreement apply to and are incorporated into this MUDA as if fully set forth herein.

Agreed to by:

FRANCHISOR:

AL'S HOT CHICKEN FRANCHISING, LLC

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT D

RIDER TO LEASE AGREEMENT

Landlord: _____
Notice Address: _____

Telephone: _____

Franchisor: Al's Hot Chicken Franchising,
LLC
Notice Address: 1663 Sawtelle Blvd, Suite
200, Los Angeles, CA 90025
Telephone: 424-535-3353

Tenant: _____

Leased Premises: _____

1. Use. Tenant is a franchisee of Franchisor. The Leased Premises shall be used only for the operation of an Al's Hot Chicken business (or any name authorized by Franchisor).

2. Notice of Default and Opportunity to Cure. Landlord shall provide Franchisor with copies of any written notice of default ("Default") given to Tenant under the Lease, and Landlord grants to Franchisor the option (but not the obligation) to cure any Default under the Lease (should Tenant fail to do so) within 10 days after the expiration of the period in which Tenant may cure the Default.

3. Termination of Lease. Landlord shall copy Franchisor on any notice of termination of the Lease. If Landlord terminates the Lease for Tenant's Default, Franchisor shall have the option to enter into a new Lease with Landlord on the same terms and conditions as the terminated Lease. To exercise this option, Franchisor must notify Landlord within 15 days after Franchisor receives notice of the termination of the Lease.

4. Termination of Franchise Agreement. If the Franchise Agreement between Franchisor and Tenant is terminated during the term of the Lease, then upon the written request of Franchisor, Tenant shall assign the Lease to Franchisor. Landlord hereby consents to the assignment of the Lease to Franchisor.

5. Assignment and Subletting. Notwithstanding any provision of the Lease to the contrary, Tenant shall have the right to assign or sublet the Lease to Franchisor or its affiliate, provided that no such assignment or sublease shall relieve Tenant or any guarantor of liability under the Lease unless otherwise agreed by Landlord. If Franchisor or its affiliate becomes the lessee of the Leased Premises, then Franchisor shall have the right to assign or sublease its lease to a franchisee of the Al's Hot Chicken brand. Any provision of the Lease which limits Tenant's right to own or operate other Al's Hot Chicken outlets in proximity to the Leased Premises shall not apply to Franchisor or to its affiliates.

6. Authorization. Tenant authorizes Landlord and Franchisor to communicate directly with each other about Tenant and Tenant's business.

7. Right to Enter. Upon the expiration or termination of the Franchise Agreement or the Lease, or the termination of Tenant's right of possession of the Leased Premises, Franchisor or its designee may, after giving reasonable prior notice to Landlord, enter the Leased Premises to remove signs and other material bearing Franchisor's brand name, trademarks, and commercial symbols, provided that Franchisor will be liable to Landlord for any damage Franchisor or its designee causes by such removal.

8. No Liability. By executing this Rider, Franchisor does not assume any liability with respect to the Leased Premises or any obligation as Tenant under the Lease.

Executed by:

LANDLORD:

By: _____

Name: _____

Title: _____

Date: _____

TENANT:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

AL'S HOT CHICKEN FRANCHISING, LLC

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT E

FORM OF GENERAL RELEASE

[This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.]

This General Release (“Release”) is executed by the undersigned (“Releasor”) in favor of Al’s Hot Chicken Franchising, LLC, a Delaware limited liability company (“Al’s Hot Chicken Franchising”).

Background Statement: *[describe circumstances of Release]*

Releasor agrees as follows:

- 1. Release.** Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the “Releasing Parties”)) hereby releases Al’s Hot Chicken Franchising, its affiliates, and their respective directors, officers, shareholders, employees, and agents (collectively, the “Released Parties”) from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Franchise Agreement (collectively, “Claims”).
- 2. Covenant Not to Sue.** Releasor (on behalf of all Releasing Parties) covenants not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of crossclaim, defense, or counterclaim, against any Released Party with respect to any Claim.
- 3. Representations and Acknowledgments.** Releasor represents and warrants that: (i) Releasor is the sole owner of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor’s choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim.
- 4. Miscellaneous.** If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that Al’s Hot Chicken Franchising reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof.

5. State Addenda.

[Maryland Residents]: This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

[Washington Residents]: A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the franchise agreement is in effect and where the parties are represented by independent counsel.

Agreed to by:

Name: _____

Date: _____

EXHIBIT F
FINANCIAL STATEMENTS

AL'S HOT CHICKEN FRANCHISING, LLC

Financial Statements For The Years Ended December 31, 2023 & December 31, 2022
& December 31, 2021

TOGETHER WITH INDEPENDENT ACCOUNTANT AUDIT REPORT

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INDEPENDENT ACCOUNTANT AUDIT REPORT

To the Management of AL'S HOT CHICKEN FRANCHISING, LLC

Opinion

We have audited the financial statements of AL'S HOT CHICKEN FRANCHISING, LLC (the "Company"), which comprise the Balance Sheet as of December 31, 2023 & December 31, 2022 & December 31, 2021, the related Profit & Loss Statements, the related Statements of Cashflows, the related Statements of Shareholders' Equity, and the related notes for the twelve-month periods then ended. (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 & December 31, 2022 & December 31, 2021, and the results of its operations and its cash flows for the twelve-month periods 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

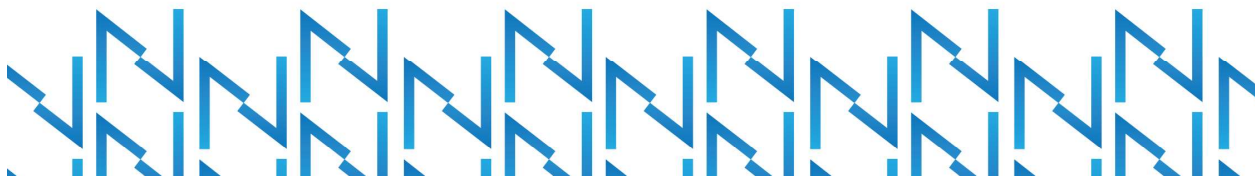
In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.



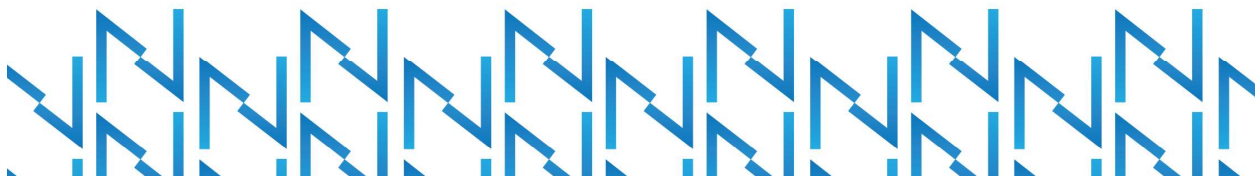
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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.

Omar Alnuaimi, CPA

Omar Alnuaimi, CPA

Naperville, IL
February 26, 2024



AL'S HOT CHICKEN FRANCHISING, LLC
PROFIT & LOSS STATEMENT
FOR THE YEARS ENDED DECEMBER 31, 2023 & DECEMBER 31, 2022 & DECEMBER 31, 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenue			
Revenue -Franchise Fees	\$ 22,380	\$ 42,750	\$ 27,500
Royalty & Other Revenue	240,672	82,862	-
Total Revenue	263,052	125,612	27,500
Cost of Sales	-	-	-
Gross Profit	263,052	125,612	27,500
Operating Expense			
Salaries & Wages Expense	40,088	59,048	32,394
Outside Labor	1,041	16,169	12,500
Professional Fees	19,406	14,846	10,490
Rent Expense	23,080	20,625	5,170
Supplies Expense	13,312	11,130	3,878
Office Expense	27,799	13,377	1,788
Total Operating Expenses	124,726	135,195	66,220
Net Income From Operations	138,326	(9,583)	(38,720)
Other Income (Expense)			
Interest Expense	(1,176)	(1,176)	(1,176)
Total Other Income (Expense)	(1,176)	(1,176)	(1,176)
Net Income Before Provision for Income Tax	137,150	(10,759)	(39,896)
Provision for Income Taxes	-	-	-
Net Income (Loss)	<u>\$ 137,150</u>	<u>\$ (10,759)</u>	<u>\$ (39,896)</u>

See Independent Accountant's Audit Report and accompanying notes, which are an integral part of these financial statements.

AL'S HOT CHICKEN FRANCHISING, LLC
BALANCE SHEET
AS OF DECEMBER 31, 2023 & DECEMBER 31, 2022 & DECEMBER 31, 2021

	<u>12/31/23</u>	<u>12/31/22</u>	<u>12/31/21</u>
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 1,000	\$ 944	\$ -
Accounts Receivable	58,620	18,013	-
TOTAL CURRENT ASSETS	59,620	18,957	-
NON-CURRENT ASSETS			
TOTAL NON-CURRENT ASSETS	-	-	-
TOTAL ASSETS	59,620	18,957	-
<u>LIABILITIES AND OWNER'S EQUITY</u>			
CURRENT LIABILITIES			
Other Loan	-	-	25,000
Short Term Loan	21,000	21,000	21,000
Accounts Payable	6,000	6,000	6,000
Deferred Franchise Fees - Current	6,750	6,750	2,750
Accrued Interest	3,528	2,352	1,176
Other	2,119	-	382
TOTAL CURRENT LIABILITIES	39,397	36,102	56,308
NON-CURRENT LIABILITIES			
Deferred Franchise Fees - Non Current	58,000	64,750	24,750
TOTAL NON-CURRENT LIABILITIES	58,000	64,750	24,750
TOTAL LIABILITIES	97,397	100,852	81,058
OWNER'S EQUITY			
Retained Earnings (Deficit)	(174,928)	(71,137)	(41,162)
Net Income (Loss)	137,150	(10,759)	(39,896)
TOTAL SHAREHOLDERS' EQUITY	(37,778)	(81,896)	(81,058)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 59,620	\$18,957	\$ -

See Independent Accountant's Audit Report and accompanying notes, which are an integral part of these financial statements.

AL'S HOT CHICKEN FRANCHISING, LLC
STATEMENT OF CASHFLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 & DECEMBER 31, 2022 & DECEMBER 31, 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES			
Net Income	\$ 137,150	\$ (10,759)	\$ (39,896)
Non-Cash Adjustments			
Changes in Payables/Receivables	(40,607)	(18,013)	6,000
Changes in Deferred Franchise Fees	(6,750)	44,000	27,500
Other	3,295	794	1,558
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	93,088	16,022	(4,838)
INVESTING ACTIVITIES			
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-	-	-
FINANCING ACTIVITIES			
Owner's Contribution (net)	(93,033)	9,921	(16,162)
Other Loan	-	(25,000)	21,000
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(93,033)	(15,079)	4,838
NET INCREASE (DECREASE) IN CASH	55	943	-
CASH AT BEGINNING OF PERIOD	944	-	-
CASH AT END OF PERIOD	\$ 1,000	\$ 944	\$ -

See Independent Accountant's Audit Report and accompanying notes, which are an integral part of these financial statements.

AL'S HOT CHICKEN FRANCHISING, LLC
STATEMENT OF SHAREHOLDERS' EQUITY
AS OF DECEMBER 31, 2023 & DECEMBER 31, 2022 & DECEMBER 31, 2021

	Opening Equity Balance	Yearly Changes	Total
Beginning Balance	\$ (25,000)	\$ -	\$ (25,000)
Net Income for the period ending December 31, 2021	-	(39,896)	(39,896)
Equity Contributions (Distributions)	-	(16,162)	(16,162)
Balance, December 31, 2021	\$ -	\$ (56,058)	\$ (81,058)

	Opening Equity Balance	Yearly Changes	Total
Beginning Balance	\$ (81,058)	\$ -	\$ (81,058)
Net Income for the period ending December 31, 2022	-	(10,759)	(10,759)
Equity Contributions (Distributions)	-	9,921	9,921
Balance, December 31, 2022	\$ (81,058)	\$ (838)	\$ (81,894)

	Opening Equity Balance	Yearly Changes	Total
Beginning Balance	\$ (81,894)	\$ -	\$ (81,894)
Net Income for the period ending December 31, 2023	-	137,150	137,150
Equity Contributions (Distributions)	-	(93,033)	(93,033)
Balance, December 31, 2023	\$ (81,894)	\$ 44,117	\$ (37,778)

See Independent Accountant's Audit Report and accompanying notes, which are an integral part of these financial statements.

AL'S HOT CHICKEN FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 & DECEMBER 31, 2022 & DECEMBER 31, 2021

NOTE A – ORGANIZATION AND NATURE OF ACTIVITIES

AL'S HOT CHICKEN FRANCHISING, LLC (the "Company") was formed on March 15, 2021, as a Delaware limited liability company for the purpose of offering franchise opportunities and support for entrepreneurs who want to own a franchise location of Al's Hot Chicken, a fast-casual restaurant offering fried chicken, sandwiches, tenders, and wings made from fresh, never frozen, all-natural hormone and antibiotic free Halal chicken.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). As a result, the Company records revenue when earned and expenses when incurred. The Company has adopted the calendar year as its basis of reporting.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosures of contingent assets and liabilities and other items, as well as the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and any cash equivalents include all cash balances, and highly liquid investments with maturities of three months or less when purchased.

Franchisee Receivables

The Company's franchisee receivables primarily result from initial franchise fees, royalty fees, brand development contributions and training fees charged to franchisees. Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. The Company reports these receivables at net realizable value.

Management determines the allowance for doubtful accounts based on historical losses, current expectations, and economic conditions. On a continuing basis, management analyzes delinquent accounts receivable and, once these accounts receivable are determined to be uncollectible, they are written off through a charge against an existing allowance account. The allowance account is reviewed regularly and adjusted against earnings as appropriate. The Company determined that an allowance on outstanding franchisee receivables of \$0 was necessary as of December 31, 2023, December 31, 2022, & December 31, 2021. Franchisee bad debt expense was \$0 for the year ended December 31, 2023, December 31, 2022, & December 31, 2021. Franchisee amounts written off were \$0 for the year ended December 31, 2023, December 31, 2022, & December 31, 2021.

AL'S HOT CHICKEN FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 & DECEMBER 31, 2022 & DECEMBER 31, 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Fixed Assets and Depreciation

Property and Equipment is stated at cost. Accounting principles generally accepted in the United States of America require that property and equipment be depreciated using the straight-line method. Depreciation in these financial statements reflects accelerated depreciation methods used for the tax return. The effects of these departures from accounting principles generally accepted in the United States of America on financial position, results of operations, and cash flows have not been determined. Expenditures for normal repairs and maintenance are charged to operations as incurred.

The Company reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying value of such assets may not be fully recoverable. Impairment is present when the sum of the undiscounted estimated future cash flows expected to result from use of the assets is less than carrying value. If impairment is present, the carrying value of the impaired asset is reduced to its fair value. As of December 31, 2023, December 31, 2022, & December 31, 2021, no impairment loss has been recognized for long-lived assets.

Fair Value of Financial Instruments

Financial Accounting Standards Board ("FASB") guidance specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 primarily consists of financial instruments whose value is based on quoted market prices such as exchange-traded instruments and listed equities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted prices of similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active).
- Level 3 - Unobservable inputs for the asset or liability. Financial instruments are considered Level 3 when their fair values are determined using pricing models, discounted cash flows or similar techniques and at least one significant model assumption or input is unobservable.

As of December 31, 2023, December 31, 2022, & December 31, 2021, the carrying amounts of the Company's financial assets and liabilities reported in the balance sheets approximate their fair value.

AL'S HOT CHICKEN FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 & DECEMBER 31, 2022 & DECEMBER 31, 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Revenue Recognition

Revenues are primarily derived from franchise fees (one-time and recurring monthly fees). In accordance with Accounting Standards Codification (ASC) Topic 606, Revenue will be recognized when persuasive evidence of an arrangement exists, delivery has occurred, or services have been rendered, the seller's price to the buyer is fixed or determinable, and collectability is reasonable assured. The determination of whether fees and fixed or determinable and collection is reasonable assured involves the use of assumptions. Arrangement terms and customer information are evaluated to ensure that these criteria are met prior to recognition of revenue.

Specifically for franchisors, The Financial Accounting Standards Board (FASB) has issued an Accounting Standards Update (ASU) to ASC 606, Franchisors—'Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient' in 2021 which provides a new practical expedient that permits private company franchisors to account for preopening services provided to a franchisee as distinct from the franchise license if the services are consistent with those included in a predefined list within the guidance. The Company has elected to adopt this new standard.

Unearned Revenue

The Company's primary performance obligation under the franchise agreement mainly includes granting certain rights to access the Company's intellectual property and a variety of activities relating to opening a franchise unit, including initial training and other such activities commonly referred to collectively as "pre-opening activities", which are recognized as a single performance obligation. The Company expects that certain pre-opening activities provided to the franchisee will not be brand specific and will provide the franchisee with relevant general business information that is separate and distinct from the operation of a company-branded franchise unit. The portion of pre-opening activities that will be provided that is not brand specific is expected to be distinct as it will provide a benefit to the franchisee and is expected not to be highly interrelated or interdependent to the access of the Company's intellectual property, and therefore will be accounted for as a separate distinct performance obligation. All other pre-opening activities are expected to be highly interrelated and interdependent to the access of the Company's intellectual property and therefore will be accounted for as a single performance obligation, which is satisfied by granting certain rights to access the Company's intellectual property over the term of each franchise agreement.

The Company estimates the stand-alone selling price of pre-opening activities using an adjusted market assessment approach. The Company will first allocate the initial franchise fees and the fixed consideration, under the franchise agreement to the stand-alone selling price of the training services that are not brand specific and the residual, if any, to the right to access the Company's intellectual property. Consideration allocated to pre-opening activities, which are not brand specific are recognized ratably as those services are rendered. Consideration allocated to pre-opening activities included under Accounting Standards Update (ASU) to ASC 606, Franchisors—'Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient' is recognized when the related services have been rendered.

The remaining franchisee fee not allocated to pre-opening activities are recorded as Unearned Revenue and will be recognized over the term of the franchise agreement.

AL'S HOT CHICKEN FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 & DECEMBER 31, 2022 & DECEMBER 31, 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Income Taxes

The Company, with the consent of its shareholders, intends to elect to be an S-Corporation (for tax purposes). In lieu of corporate income taxes, the shareholder(s) of an S-Corporation is taxed based on its proportionate share of The Company's taxable income. Therefore, no provision or liability for income taxes has been included in these financial statements.

Commitments and Contingencies

The Company may be subject to pending legal proceedings and regulatory actions in the ordinary course of business. The results of such proceedings cannot be predicted with certainty, but the Company does not anticipate that the final outcome, if any, arising out of any such matter will have a material adverse effect on its business, financial condition or results of operations. As of December 31, 2023, December 31, 2022, & December 31, 2021, the Company has not reported any lawsuit or known plans of litigation by or against the Company.

NOTE C – CONCENTRATIONS OF RISK

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents. The Company places its cash and any cash equivalents with a limited number of high-quality financial institutions and do not exceed the amount of insurance provided on such deposits.

NOTE D – SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 26, 2024, the date on which the financial statements were available to be issued. Management has determined that none of the events occurring after the date of the balance sheet through the date of Management's review substantially affect the amounts and disclosure of the accompanying financial statements.

EXHIBIT G

BRAND STANDARDS MANUAL TABLE OF CONTENTS

Manual Section	Number of Pages
Preface & Introduction	35
Establishing My Franchise Business	37
Personnel	48
Administrative Procedures	25
Daily Procedures	62
Selling & Marketing	22
Total Number of Pages	229

EXHIBIT H

CURRENT AND FORMER FRANCHISEES

Current Franchisees

Names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets:

Location Title	Business Entity/Individual	Business Address	Contact Person	Email
Los Angeles	For my umah, LLC	5625 Windsor Way #117, Culver City, CA 90230	Toufik Bouzidi	dzairi76@yahoo.com
University Place, WA	Hot Chicken, LLC	2102 Mildred St. University Place, WA 98466	Burhan Saleh	burhan@clientnearnme.com
Fresno, CA	S&K Brotherhood, LLC	6460 N. Blackstone Blvd, Fresno, CA	Khaled Bagunaïd	skbrotherhood2020@gmail.com
Panorama City, CA	Korma Kitchen Inc	13606 Roscoe Blvd, Panorama City, CA	tiahabib1953@yahoo.com	tiahabib1953@yahoo.com
Hawthorne, CA	FNF Investment Group LLC	12807 Crenshaw Blvd, Hawthorne, CA	aboualaa4@hotmail.com	aboualaa4@hotmail.com

Franchisees who had signed franchise agreements as of the end of our last fiscal year but are not yet open:

Location Title	Business Entity/Individual	Contact Person	Email
Inglewood, CA	Rehan Khan	Rehan Khan	fungolink@gmail.com
Corona, CA	Fusion Flavor, LLC	Anwar Sayed	fusionflavor5742@gmail.com

Note: We did not have any multi-unit developers at the close of our last fiscal year.

Former Franchisees

Name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during

the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date:

Location Title	Business Entity/Individual	Business Address	Contact Person	Email
Huntington Beach , CA	FNF Investment Group LLC	5141 Warner Blvd, Huntington Beach, CA	Fred Kabalawi	aboualaa4@hotmail.com
El Monte, CA	FNF Investment Group LLC	25333 Pennsylvania ave, Lomita, CA 90717	Fred Kabalawi	aboualaa4@hotmail.com

EXHIBIT I

STATE ADDENDA TO DISCLOSURE DOCUMENT

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

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

California limited liability companies Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Financial Protection and Innovation, 14 days prior to the execution of an agreement or the solicitation of a proposed material modification of an existing agreement.

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 offering circular 14 days prior to execution of agreement.

Our website, www.alshotchicken.com, has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable: (a) Representations made by the franchisor or its personnel or agents to a prospective franchisee; (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents; (c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto; (d) Violations of any provision of this division.

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.

Franchisee owners must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will

place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

Under California law, an agreement between a seller and a buyer regarding the price at which the buyer can resell a product (known as vertical price-fixing or resale price maintenance) is illegal. Therefore, requirements on franchisees to sell goods or services at specific prices set by the franchisor may be unenforceable.

Before the franchisor can ask you to materially modify your existing franchise agreement, Section 31125 of the California Corporations Code requires the franchisor to file a material modification application with the Department that includes a disclosure document showing the existing terms and the proposed new terms of your franchise agreement. Once the application is registered, the franchisor must provide you with that disclosure document with an explanation of that the changes are voluntary.

1. The following paragraph is added to the end of Item 3 of the Disclosure Document:

Neither franchisor nor any person or franchise broker in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

2. The following paragraph is added to the end of Item 6 of the Disclosure Document:

With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

3. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee to sign a general release of claims if you renew or transfer the Franchise Agreement. California Corporations Code Section 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).

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Los Angeles, California, with the costs being borne equally by Franchisor and Franchisee. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires application of the laws of Delaware. This provision may not be enforceable under California law.

4. The following paragraphs are added at the end of Item 5 of the Disclosure Document:

The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Hawaii only, this Disclosure Document is amended as follows:

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

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

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF

ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities
335 Merchant Street
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: _____
2. A proposed registration or filing is or will be shortly on file in the following states:

3. No states have refused, by order or otherwise to register these franchises.
4. No states have revoked or suspended the right to offer these franchises.
5. The proposed registration of these franchises has not been withdrawn in any state.

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, as amended (the “Act”), this Disclosure Document is amended as follows:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Act.

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Maryland only, this Disclosure Document is amended as follows:

The following is added to Item 17:

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

You have the right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Minnesota only, this Disclosure Document is amended as follows:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states “No action may be commenced pursuant to this Section more than three years after the cause of action accrues.”

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

In the State of New York only, this Disclosure Document is amended as follows:

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 ST. 21ST FLOOR, NEW YORK, NY 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS

FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

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 shall 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 end of the “Summary” sections 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 upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of North Dakota only, this Disclosure Document is amended as follows:

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST, OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.

2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee’s business.

3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.
6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.
7. Waiver of Exemplary and Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.
8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

OHIO ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Ohio only, this Disclosure Document is amended by adding the following two cover pages to this Disclosure Document:

AL'S HOT CHICKEN FRANCHISING, LLC

June 7, 2021

READ THIS DISCLOSURE DOCUMENT CAREFULLY

The state of Ohio has not reviewed and does not approve, recommend, endorse, or sponsor this or any franchise. If you have any questions about this franchise, the information contained in this disclosure document should be reviewed with an attorney or financial advisor before you sign any agreement.

The following disclosure document contains the disclosures required by Ohio law.

In the State of Ohio only, this Disclosure Document is further amended as follows:

The following is added to Item 19:

CAUTION

Some business opportunity plans have earned this amount. There is no assurance you will do as well. If you rely upon our figures, you must accept the risk of not doing as well.

RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Rhode Island only, this Disclosure Document is amended as follows:

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.

VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

The following statements are added to Item 17(h):

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

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT

(See Exhibit J for Washington Addendum to Disclosure Document and Rider to Franchise Agreement)

EXHIBIT J

STATE ADDENDA TO AGREEMENTS

CALIFORNIA RIDER TO FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Franchise Agreement and Multi-Unit Development Agreement dated _____ (the “Agreement”), between Al’s Hot Chicken Franchising, LLC, a Delaware limited liability company (“Al’s Hot Chicken Franchising”) and _____, a _____ (“Franchisee”).

- 1. Fee Deferral.** The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.
- 2. California Law.** For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.
- 3. Covenant Not to Compete.** The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.
- 4. Effective Date.** This Rider is effective as of the date of the Agreement.

Agreed to by:

FRANCHISOR:

AL’S HOT CHICKEN FRANCHISING,
LLC

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

ILLINOIS RIDER TO FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Franchise Agreement and Multi-Unit Development Agreement dated _____ (the “Agreement”), between Al’s Hot Chicken Franchising, LLC, a Delaware limited liability company (“Al’s Hot Chicken Franchising”) and _____, a _____ (“Franchisee”).

- 1. Governing Law.** Illinois law governs the Agreement.
- 2. Waivers Void.** In conformance with Section 41 of the Illinois Franchise Disclosure Act, notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.
- 3. Jurisdiction.** 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 occur outside of Illinois.
- 4. Effective Date.** This Rider is effective as of the date of the Agreement.

Agreed to by:

FRANCHISOR:

AL’S HOT CHICKEN FRANCHISING,
LLC

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

INDIANA RIDER TO FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Franchise Agreement and Multi-Unit Development Agreement dated _____ (the “Agreement”), between Al’s Hot Chicken Franchising, LLC, a Delaware limited liability company (“Al’s Hot Chicken Franchising”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Indiana Acts” means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

2. Certain Provisions Modified. Any provision of the Agreement which would have any of the following effects is hereby modified to the extent required for the Agreement to be in compliance with the Indiana Acts:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or services or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase

notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

AL'S HOT CHICKEN FRANCHISING,
LLC

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

MARYLAND RIDER TO FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Franchise Agreement and Multi-Unit Development Agreement dated _____ (the “Agreement”), between Al’s Hot Chicken Franchising, LLC, a Delaware limited liability company (“Al’s Hot Chicken Franchising”) and _____, a _____ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Maryland Franchise Registration and Disclosure Law” means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.
- 2. Releases, Estoppels and Waivers of Liability.** 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. The general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
- 3. Statute of Limitations.** Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.
- 4. Jurisdiction.** Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Registration and Disclosure Law in any court of competent jurisdiction in the State of Maryland.

Agreed to by:

FRANCHISOR:

AL’S HOT CHICKEN FRANCHISING,
LLC

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

MINNESOTA RIDER TO FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Franchise Agreement and Multi-Unit Development Agreement dated _____ (the “Agreement”), between Al’s Hot Chicken Franchising, LLC, a Delaware limited liability company (“Al’s Hot Chicken Franchising”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Minnesota Act” means Minnesota Statutes, Sections 80C.01 to 80C.22.

2. Amendments. The Agreement is amended to comply with the following:

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state “No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues.”

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

AL'S HOT CHICKEN FRANCHISING,
LLC

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

NEW YORK RIDER TO FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Franchise Agreement and Multi-Unit Development Agreement dated _____ (the "Agreement"), between Al's Hot Chicken Franchising, LLC, a Delaware limited liability company ("Al's Hot Chicken Franchising") and _____, a _____ ("Franchisee").

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.
- 2. Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver, or estoppel which would relieve Al's Hot Chicken Franchising or any other person from any duty or liability imposed by New York General Business Law, Article 33 (the "New York Franchise Law").
- 3. Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by Al's Hot Chicken Franchising with any provision of the New York Franchise Law, or any rule promulgated thereunder, is hereby deleted.
- 4. Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchise Law shall govern any claim arising under that law.
- 5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

AL'S HOT CHICKEN FRANCHISING,
LLC

FRANCHISEE:

By: _____

By: _____
Name: _____
Title: _____
Date: _____

Name: _____
Title: _____
Date: _____

NORTH DAKOTA RIDER TO FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Franchise Agreement and Multi-Unit Development Agreement dated _____ (the “Agreement”), between Al’s Hot Chicken Franchising, LLC, a Delaware limited liability company (“Al’s Hot Chicken Franchising”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. Amendments. The Agreement (and any Guaranty Agreement) is amended to comply with the following:

- (1) Restrictive Covenants: Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind is subject to NDCC Section 9-08-06.
- (2) Situs of Arbitration Proceedings: Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee’s business.
- (3) Restrictions on Forum: Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.
- (4) Liquidated Damages and Termination Penalties: Franchisee is not required to consent to liquidated damages or termination penalties.
- (5) Applicable Laws: The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.
- (6) Waiver of Trial by Jury: Franchisee and any Guarantor do not waive a trial by jury.
- (7) Waiver of Exemplary and Punitive Damages: The parties do not waive exemplary and punitive damages.
- (8) General Release: Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.
- (9) Limitation of Claims: Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

- (10) Enforcement of Agreement: The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

AL'S HOT CHICKEN FRANCHISING,
LLC

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

OHIO RIDER TO FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Franchise Agreement and Multi-Unit Development Agreement dated _____ (the "Agreement"), between Al's Hot Chicken Franchising, LLC, a Delaware limited liability company ("Al's Hot Chicken Franchising") and _____, a _____ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "BOPA" means the Ohio Business Opportunity Act, codified in Revised Code of Ohio, Title XIII, Chapter 1334.

2. Applicability of BOPA. Franchisee acknowledges that Al's Hot Chicken Franchising is providing this Rider out of an abundance of caution, and that neither the execution of this Rider nor any other act of Al's Hot Chicken Franchising constitutes an intent that BOPA apply to the transaction between Al's Hot Chicken Franchising and Franchisee or an admission by Al's Hot Chicken Franchising that the transaction fails to comply in any material respects with the trade regulation rule of the federal trade commission, "disclosure requirements and prohibitions concerning franchising," 16 C.F.R. 436.1 et seq.

3. No Delivery of Goods or Services during Cancellation Period. Al's Hot Chicken Franchising will not commence delivery of any goods or provide any services during the time within which Franchisee may cancel the Agreement as provided in Section 5 below.

4. Jurisdiction and Venue. In connection with the sale of the franchise, any provision in the Agreement restricting jurisdiction or venue to a forum outside of Ohio, or requiring the application

of laws of another state, is void with respect to a claim otherwise enforceable under Sections 1334.01 to 1334.15 of the BOPA.

5. Cancellation. You, the franchisee, may cancel the transaction at any time prior to midnight of the fifth business day after the date you sign this Agreement. See the attached notice of cancellation for an explanation of this right.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

AL'S HOT CHICKEN FRANCHISING,
LLC

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

OHIO NOTICE OF CANCELLATION

[Insert Date Agreement Signed by FRANCHISEE]

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the Agreement, and any negotiable instrument executed by you will be returned within ten business days following Al's Hot Chicken Franchising's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to Al's Hot Chicken Franchising at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of Al's Hot Chicken Franchising regarding the return shipment of the goods at Al's Hot Chicken Franchising's expense and risk. If you do make the goods available to Al's Hot Chicken Franchising and Al's Hot Chicken Franchising does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to Al's Hot Chicken Franchising, or if you agree to return them to Al's Hot Chicken Franchising and fail to do so, then you remain liable for the performance of all obligations under the Agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to Al's Hot Chicken Franchising, at 1663 Sawtelle Blvd., Suite 200, Los Angeles, California 90025, or send a fax to Al's Hot Chicken Franchising at *[Insert facsimile number]* or an e-mail to Al's Hot Chicken Franchising at franchise@alshotchicken.com, not later than midnight of *[Insert date that is five business days after the date above]*.

I hereby cancel this transaction.

FRANCHISEE:

By: _____

Name: _____
Title: _____
Date: _____

RHODE ISLAND RIDER TO FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Franchise Agreement and Multi-Unit Development Agreement dated _____ (the “Agreement”), between Al’s Hot Chicken Franchising, LLC, a Delaware limited liability company (“Al’s Hot Chicken Franchising”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. Jurisdiction and Venue. Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

AL’S HOT CHICKEN FRANCHISING,
LLC

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT FRANCHISE AGREEMENT AND RELATED DOCUMENTS

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Franchisor will defer collection of the initial franchise fee until the franchisor has fulfilled its initial pre-opening obligations to the franchisee and the franchisee is open for business.

Agreed to by:

FRANCHISOR:

AL'S HOT CHICKEN FRANCHISING,
LLC

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	May 24, 2023
Washington	September 17, 2023

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.

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 Al's Hot Chicken 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 you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Al's Hot Chicken 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 any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Abdal Almasri	1663 Sawtelle Blvd, Suite 200, Los Angeles, CA 90025	424-535-3353

Issuance Date: February 27, 2024

I received a disclosure document that included the following Exhibits:

- A. State Administrators and Agents for Service of Process
- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Multi-Unit Development Agreement
- D. Rider to Lease Agreement
- E. Form of General Release
- F. Financial Statements
- G. Brand Standards Manual Table of Contents
- H. Current and Former Franchisees
- I. State Addenda to Disclosure Document
- J. State Addenda to Agreements

State Disclosures Dates

Receipts

Signature: _____

Print Name: _____

Date Received: _____

Keep This Copy For Your Records

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