FRANCHISE DISCLOSURE DOCUMENT

Deli Delicious Franchising, Inc.
a California corporation
2495 West Shaw Ave.
Fresno, California 93711
(877) 306-7079
Franchise@Deli-Delicious.com
www.Deli-Delicions.com

The franchise offered is for the operation of an upscale deli restaurant offering a large variety of deli sandwiches made from fresh, high quality, meats and produce, as well as salads, side dishes and beverages in a casual and relaxed environment. The franchise operates under the name "Deli Delicious®" and uses the franchisor's proprietary methods, techniques, trade dress, trademarks and logos.

The total investment necessary to begin operation of a single Deli Delicious franchise under the Express Model is between $122,800 to $251,500. This includes $25,000 that must be paid to the franchisor.

The total investment necessary to begin operation of a single Deli Delicious franchise under the Standard Model is between $227,350 to $474,350. This includes $30,000 that must be paid to the franchisor.

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 the disclosure document at least 14 calendar days before you sign a binding agreement with or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Deli Delicious Franchising, Inc. at 2495 West Shaw Ave., Fresno, California 93711 and 1-877-306-7079.

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 "*Buying a Franchise, A Consumer Guide*" which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at *www.ftc.gov* for additional information. Call your state agency or visit your public library for other sources of information on franchising. There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: April l1, 2024

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits D and E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A 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 franchise outlets.
Will my business be the only Deli Delicious business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Deli Delicious franchisee?	Item 20 or Exhibits D and E list 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*

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

<u>Business model can change</u>. 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.

<u>Supplier restrictions</u>. 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.

<u>Operating restrictions</u>. 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.

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

<u>Renewal</u>. 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.

<u>When your franchise ends</u>. 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 C.

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

Special Risks to Consider About *This* Franchise

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

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

2. **Negative net worth.** The franchisor's financial condition as reflected in its financial statements (see Item 21), calls into question the franchisor's ability to provide services and support to you.

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

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

TABLE OF CONTENTS

EXHIBITS

APPLICABLE STATE LAW MIGHT REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT AND MIGHT REQUIRE A RIDER TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES AND RIDERS, IF ANY, APPEAR IN EXHIBIT G.

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

The Franchisor is Deli Delicious Franchising, Inc. To simplify the language in this Disclosure Document, the Franchisor, will be referred to as "we" or "us". "You" means the individual or individuals or corporation, partnership or limited liability company buying the franchise. If you are a legal entity, each of the following individuals must sign our Guaranty: (i) each of your shareholders if you are a corporation; (ii) each of your partners if you are a general partnership; or (iii) each of your members and managers if you are a limited liability company. All spouses of signatories must also sign. All of the provisions of our Franchise Agreement (a copy of which is attached as Exhibit B to this Disclosure Document) will apply to you and to each individual who signs the Guaranty, including the confidentiality and non-competition covenants.

The Franchisor

We are a California corporation, incorporated on August 27, 2008. We do business only under our corporate name and maintain our principal business address at 2495 West Shaw Ave., Fresno, California 93711. We sell franchises for the operation of a business known as "Deli Delicious®" (the "Restaurant" or the "Franchised Business"). We offer a Franchise Agreement for the development and operation of a single Restaurant at a specified location.

We have never engaged in any other business activity or offered franchises in any other line of business. We have never operated a Restaurant. If we determine that the operation of your business is in jeopardy, or if a default occurs, then in order to prevent an interruption in operation of the Restaurant, we may operate your business for as long as we deem necessary and practical. We own our Proprietary Marks which we license in connection with the operation of a Restaurant.

Our Parents, Predecessors and Affiliates

We have no parent. Our owner, Mohammad Hobab, began operations as a sole proprietor on February 2, 1996 (the "Sole Proprietorship"). The Sole Proprietorship operated restaurants similar to those that are being franchised, but all locations were subsequently transferred. We have no affiliates that operate any restaurants of the type being franchised.

Our affiliate, DD's Bakery, is a facility owned by Mohammad Hobab and Hesam Hobab which indirectly, through a third-party vendor, supplies the bakery products for our franchisees. DD's Bakery is a California Corporation that was formed on January 3, 2017, with an address at 2495 West Shaw Ave., Fresno, CA 93711. We currently do not have any affiliates that (a) provide products or services to our franchisees, except as indicated above, or (b) offer franchises in this or any other line of business.

Description of Franchise

The franchise offered is for the ownership and operation of a deli style restaurant using proprietary methods, recipes, ingredients, food preparation and handling techniques, trade dress, trademarks and logos owned by us or our affiliates. We offer franchises for restaurants either in the form of a small restaurant ("Express Model") or a standard restaurant ("Standard Model") that are devoted to the preparation and sale of several different kinds of fresh, high quality deli sandwiches. The Express Model is a non-traditional restaurant that sells products made on-site. The Standard Model is a permanent, in-line or stand-alone structure. Both models provide counter service and takeout. Deli Delicious restaurants offer an alternative to fast food by providing customers with deli sandwiches made from fresh ingredients incorporating our proprietary recipes and complimented by side dishes and beverages in a casual dining environment, as well as catering and delivery services. Additional service offerings may include private party accommodations, prepackaged food items and sauces for retail sale, apparel and other restaurant related products or services.

You will be required to sign our franchise agreement, which is attached to this Disclosure Document as Exhibit B (the "Franchise Agreement") for the right to operate one Restaurant at a location selected by you and accepted by us (the "Accepted Location") within a specific territory (the "Territory"). If we have not yet designated an Accepted Location for the Restaurant when the Franchise Agreement is signed then you are responsible for locating a site within a specified geographic site selection area (the "Search Area").

You will operate your Franchised Business under our unique system governing the establishment and operation of Deli Delicious Restaurants (the "System"). The System includes the Proprietary Marks; IT platforms; recognized designs, decor and color schemes; distinctive specifications for furniture, fixtures, equipment, and wall, ceiling and display designs; know-how; training techniques; trade secrets; uniform specifications of products and services; menu items; proprietary products; recipes and ingredients; procedures for sanitation; food preparation techniques and storage; sales techniques and merchandising, marketing; advertising; inventory management systems; quality control procedures; and procedures for operation and management of System businesses. We may periodically make changes to the System, including System standards, menu offerings, facility location requirements and design, signage, equipment, trade dress and fixture requirements. Your Restaurant must be open on the days and times we specify.

The "Proprietary Marks" include various trade names, trademarks, service marks, logos, and other indicia of origin, including the trademark "Deli Delicious®" or any other marks we have designated or may in the future designate for use in connection with the System.

Market and Competition

The deli and quick service food industry are highly competitive and well established and the market is continuously changing and evolving. Your Restaurant will compete against cafés, bakeries, coffee shops, sit-down restaurants, fast food restaurants, fast casual restaurants, casual restaurants, grocery stores, convenience stores, and other beverage and food service establishments. Competitors may be locally owned or large regional or national chains and may include other local franchises within our industry that share the same market.

Industry Regulations

The food service industry is heavily regulated. Your Restaurant will be subject to various federal, state and local laws and regulations affecting the Restaurant. You must investigate, keep informed of and comply with these laws. You must comply with all local, state and federal laws applicable to establishments handling food, including zoning, licensing, health, sanitation, safety, fire, insecticides, and use, storage and disposal of waste (including laws requiring recycling and regulating the use of certain types of containers and other materials potentially harmful to the environment). The operation of your Restaurant may require a license for preparing and serving food on-premises.

The U.S. Food and Drug Administration, the U.S. Department of Agriculture, and state and local health departments administer and enforce laws and regulations that govern food preparation and service and establishment of sanitary conditions. State and local agencies inspect foodservice establishments to ensure that they comply with these laws and regulations. Some state and local authorities have adopted, or are considering adopting, laws or regulations that could affect: the content or make-up of food served in restaurants, such as the level of trans fat contained in a food item; general requirements or restrictions on advertising containing false or misleading claims, or health and nutrient claims on menus or otherwise, such as “low calorie” or “fat free”; the posting of calorie and other nutritional information on menus; the use of polystyrene in packaging; the use of plastic carry out bags and the use of plastic straws.

The Federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particulate matters, including caps on emissions from commercial food preparation. Some areas have also adopted or are considering proposals that would regulate indoor air quality.

Your Restaurant will also be subject to other laws or regulations that are not specific to the industry, but apply to businesses generally, including privacy laws.

You or your Operating Principal (if you are an entity) and your General Manager (and other employees as we may designate) must be ServSafe Manager Training certified (or similar at our discretion).

Agent for Service of Process

Our agents for service of process are identified in Exhibit C to this Disclosure Document.

ITEM 2
BUSINESS EXPERIENCE

Owner and Chairman of the Board: Mohammad Hobab

Mohammad is our Owner and the Chairman of our Board. He is the creator and founder of our predecessor, Deli Delicious, started in 1996 as a sole proprietorship in Fresno, California. Mohammad is also the President and owner of our affiliate DD’s Bakery in Fresno, California since its inception in January, 2017.

President, Secretary, Director and Multi-Unit Franchise Manager: Hesam Hobab

Hesam has been our President, Secretary and a Director since October 2022 and our Multi-Unit Manager since 2008. Hesam held these positions with our predecessor in Fresno California from inception in 1996 to 2008. Hesam is also an owner of our affiliate DD’s Bakery in Fresno, California since its inception in January, 2017.

Executive Vice President: Ali Nekumanesh

Ali has been our Executive Vice President since August, 2009. Ali also holds an ownership interest in Colorado Grill in Clovis, California since June 2020. Ali was one of our Directors from July 2013 through December 2023.

Senior Vice President: William M. Foley

William has been our Senior Vice President since November, 2020. He joined the Franchisor in 2019 as Senior Vice President. From November 2016 to November 2019 he worked for FMW in San Ramon, CA as a consultant.

Controller/CPA: Jennifer Brandon

Jennifer has been our Controller/CPA since November, 2015.

ITEM 3
LITIGATION

Tim Campbell vs. Mohamed Hobab, Ali Nekumanesh, Deli Delicious Franchise, Inc. (*DDFI*), No. 19CECG02930 (Superior Court of CA, County of Fresno).

On August 9, 2019, Tim Campbell, a former employee of Franchisor, filed an action alleging defamation, intentional interference with prospective economic relations and intentional and negligent infliction of emotional distress. Mr. Campbell sought general damages, special damages, punitive damages, injunctive relief and attorney's fees and costs. On September 27, 2019, Franchisor filed a cross-complaint against Mr. Campbell for breach of duty of loyalty and misappropriation of trade secrets.

On December 27, 2023, the parties entered into a settlement agreement wherein DDFI paid Mr. Campbell an amount equal to $60,000 and the parties agreed to dismiss, with prejudice, all claims.

Deli Delicious Franchising Inc (DDFI)., v. Sam Siamak Namdarian, No. 20CECG02037 (Superior Court of CA, County of Fresno).

On July 15, 2020, we filed suit for preliminary and permanent injunctive relief against Sam Siamak Namdarian and Akoo, Inc. (collectively, "Franchisee" or "Defendants") arising from Franchisee's failures to comply with certain provisions of the governing franchise agreements. Through this lawsuit, DDFI sought an order of the Court to: (1) enjoin Franchisee from purchasing bread from any vendor other than the Franchisor-designated bread vendor; (2) enjoin Franchisee from serving bread purchased from a vendor other than the Franchisor-designated bread vendor; (3) compel Franchisee to purchase bread from the Franchisor-designated bread vendor; (4) compel Franchisee to acquire, install and display the Franchisor-designated digital menu boards; (5) recover from Franchisee the reasonable attorney's fees it incurs to obtain the requested injunctive relief; and (6) recover its costs of suit from Franchisee.

On September 1, 2020, Franchisee filed a Cross-Complaint alleging class action claims against DDFI, two of DDFI's representatives, i.e., Hesam Hobab and Muhammad (Mohamad) Hobab, and the DDFI's former designated bread vendor, that asserted causes of action against DDFI for (1) Violation of California Business and Professions Code, (2) Violation of the Discriminatory Practices Act (California Business & Professions Code section 17071 et seq. and 17045 et seq.), (3) Alter ego arising from Franchisee's claim that DDFI and the other cross-defendants used the corporations improperly, (4) Violation of the Sherman Anti-Trust Act, the Cartwright Act and the California Business and Professions Code, (5) Breach of franchise agreement, (6) Misappropriation of funds and (7) Combination, collusion (price fixing) and violation of California Business and Professions Code.

No class was certified. On October 20, 2020, the Court granted preliminary injunctive relief in favor of DDFI against Franchisee. On March 2, 2021, the Court issued an order granting DDFI's motion for attorney's fees and costs under the governing franchise agreements against Franchisee. On March 4, 2021, the Court issued an order granting DDFIs motion to compel arbitration on Franchisee's cross-complaint and staying proceedings on the cross-complaint pending the completion of arbitration subject to certain exceptions. In addition, the Defendants were ordered to pay DDFI the sum of $30,500 for attorney's fees and $505 for costs.

In June, 2021, we entered into a settlement agreement wherein Defendants paid us $205,000 to resolve the claims at issue in this lawsuit, inclusive of the claims subject to arbitration.

Deli Delicious Franchising, Inc (DDFI). v. Vahid Misaghi, No. 21CECG00287 (Superior Court of CA, County of Fresno).

On February 1, 2021, DDFI filed suit for preliminary and permanent injunctive relief against Vahid Misaghi ("Franchisee") arising from Franchisee's failures to comply with certain provisions of the governing franchise agreements. Through this lawsuit, Franchisor sought an order of the Court to: (1) enjoin Franchisee from displaying and requiring Franchisee to remove, all non-Franchisor approved signage; (2) enjoin Franchisee from purchasing bread from any vendor other than the Franchisor-designated bread vendor; (3) enjoin Franchisee from serving bread purchased from a vendor other than the Franchisor-designated bread vendor; (4) compel Franchisee to purchase bread from the Franchisor-designated bread vendor; (5) compel Franchisee to acquire, install and display the Franchisor-designated digital menu boards; (6) enjoin Franchisee from serving food products in non-Franchisor approved packaging; (7) recover from Franchisee the reasonable attorney's fees it incurs to obtain the requested injunctive relief; and (6) recover its costs of suit from Franchisee.

On March 8, 2021, Franchisee filed a cross-complaint against DDFI, two of DDFI's representatives, i.e., Hesam Hobab and Mohammad (Mohamad) Hobab, and the DDFI's designated bread vendor that asserted causes of action against DDFI for (i) breach of contract, (2) fraud and deceit, (3) negligent misrepresentations made prior to Franchisee entering the franchise agreement, (4) breach of the California Franchise Relations Act, (5) Breach of the California Franchise Investment Law, (6) Rescission of contracts, (7) Unfair trade practices in violation of California Business and Professions Code section 17200. Franchisee sought general damages, punitive damages, recission and to recover its costs of suit.

On March 30, 2021, the Court granted preliminary injunctive relief in favor of DDFI against Franchisee. On May 25, 2021, Franchisee filed a notice of appeal with the Court of Appeal, Fifth Appellate District.

The Superior Court lawsuit was stayed pending the resolution of the dispute in arbitration. On July 13, 2023 the arbitrator issues a final award denying any damages to DDFI on its claims and denying any damages to Franchisee on its claims.

As to the Superior Court lawsuit, Mr. Misaghi chose not to renew his franchise agreement upon expiration and is no longer a franchisee and no longer owns or operates any Deli Delicious restaurants. The parties have agreed to no longer pursue any of their pending Superior Court claims and it is expected that the Superior Court case will be dismissed shortly.

Leticia Sanches v. Deli Delicious Franchising, Inc., Hesam Hobab, No. 21CECG00378 (Superior Court of CA, County of Fresno).

On February 9, 2021, Leticia Sanches filed this action alleging dissemination of false advertising (violation of California Business & Professions Code section 17500 et seq.) and unfair competition. Ms. Sanches sought a permanent injunction to remedy these misrepresentations; payment to those affected by the acts; and that the Franchisor be assessed a civil penalty for violations of California's Unfair Competition Law.

In February, 2024, the parties entered into a settlement and release agreement wherein Ms. Sanches agreed to dismiss all of her claims, with prejudice, and the case was dismissed.

Deli Delicious Franchising Inc., a California corporation ("Plaintiff") v. H. TY Kharazi and other defendants ("Defendants") No. 21CECG03757 (Superior Court of CA, County of Fresno)

On December 21, 2021, Plaintiff Deli Delicious Franchising, Inc. ("Plaintiff") filed a claim for damages for breach of fiduciary duty in the Superior Court of California, County of Fresno, against H. Ty Kharazi, individually and as a partner, shareholder and/or member attorney of Yarra, Kharazi and Clason, a/k/a Yarra Law Group, an entity of unknown character, and Robert W. Yarra, a professional law corporation; Yarra, Kharazi and Clason, a/k/a Yarra Law Group, an entity of unknown character; Robert W. Yarra, a professional law corporation ("Defendants").

The matter arises from a suit against Defendants representing Akoo, Misaghi, and Sanchez in the actions referred to in this Item 3, despite previously representing the Plaintiffs. We asserted claims for the breach of the Defendants' fiduciary duty to Plaintiff in representing parties who had adverse interest to Plaintiff in violation of the California Rules of Professional Conduct. Further, we asserted claims for a breach and misuse of confidential information that it had provided to the Defendants and that such Defendants used Plaintiff's confidential information to gain an advantage in representing their clients in the lawsuits involving Plaintiff. We sought general damages, special damages, punitive damages, and recovery for costs.

On December 6, 2023, the parties entered into a Settlement Agreement and release where the Defendants' agreed to dismiss the Sanches lawsuit (referenced above). Defendants also agreed not to directly, nor indirectly, be involved in any new litigation against Plaintiffs, and agreed that they would not accept, nor participate in, either directly or indirectly, in any new representation adverse to the interests of DDFI, or in any business interests adverse to DDFI. Finally, Defendants agreed that they will not encourage, participate, advise or have any involvement in any dispute, whether filed or unfiled, by any of their clients against DDFI or its principals.

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

Franchise Agreement

Initial Franchise Fee

You must pay us an initial franchise fee for the right to establish a single Deli Delicious Restaurant under a Franchise Agreement in the amount of $25,000 for an Express Model and $30,000 for a Standard Model. You must pay the initial franchise fee in full when you sign the Franchise Agreement. Except as otherwise provided herein, the initial franchise fee is imposed uniformly on all franchisees and is not refundable under any circumstances.

Once you have signed a franchise agreement, you may purchase additional Deli Delicious franchises at a reduced rate of 50% of the then-current standard initial franchise fee for the type of model to be opened.

Other than as described above, there are no other required payments to us or our affiliate that must be made prior to opening your franchise. You will be required to purchase bakery products and cheesecake from a third-party vendor that obtains the products from our affiliate, but you will contract directly with the third-party vendor for these purchases.

ITEM 6
OTHER FEES

Fees [1]	Amount	Due Date	Remarks
Royalty Fee [2]	6% of weekly Gross Revenues	Payable weekly on Monday (unless Monday is not a business day, then it is due on the next business day).	Royalty Fees are calculated based on Gross Revenues for the previous week ending Sunday. Amounts due will be withdrawn by EFT from your designated bank account and begin to accrue as soon as your Restaurant begins to generate any revenue. We reserve the right in our sole discretion to change the frequency of collection or the collection day.
Technology Fee	Our-then current fee (currently expected to be $300 per month).	Payable on the first day of the month, beginning with the month following the Grand Opening.	The Technology Fee is not currently charged but we reserve the right to charge it. Amounts due will be withdrawn by EFT from your designated bank account. We reserve the right to increase this fee as we deem appropriate on 30 days advanced notice.
Brand Development Fund [3]	Currently 2.5% of Gross Revenues. We reserve the right to require you to contribute up to a maximum of 3.5% of your weekly Gross Revenues to the Brand Development Fund.	Payable weekly on Monday (unless Monday is not a business day, then it is due on the next business day) beginning when you begin making sales in connection with your Franchised Business, in the same manner as the Royalty Fee.	The Brand Development Fund is described in Item 11. Fund Fees are calculated based on Gross Revenues for the previous week. We reserve the right in our sole discretion to change the frequency of collection or the collection day. We may increase the amount payable to up to 3.5% upon 30 days' notice.

Fees [1]	Amount	Due Date	Remarks
Cooperative Marketing [4]	As determined by the members but not to exceed 1.5% of your monthly Gross Revenues.	As determined by the members	If a marketing cooperative is formed for your area, you must join the cooperative. Amounts contributed to the cooperative will be in addition to your local advertising requirement.
Continuing Education Seminars, Refresher Training	Our then-current attendance fee (currently $300 per person, per seminar or training), plus expenses.	As incurred	Periodic seminars will be held at our headquarters in California or at a different location of our choosing. You must pay this fee as well as expenses related to your and your attendees' participation, including travel, lodging, meals and wages.
Annual Franchisee Conference Fee	Our then-current fee (currently up to $1,000 per person) plus expenses.	As incurred	We may hold an annual conference of our franchisees. We do not expect it to exceed 4 days in length. You must pay this fee as well as expenses related to your and your attendees' participation, including travel, lodging, meals, and wages. The conference fee is owed whether you attend or not.
Initial Training (For additional, new or replacement owners or employees)	Our then-current per person training fee (currently $300 per person per day) plus expenses.	Before Training	Training for up to two people is included in the initial fees (consisting of the owner(s) and General Manager). If it is necessary for us to provide our initial training program to any additional employees or owners or to any replacements during the term of your Franchise Agreement, you must pay our training fee as well as the trainees' expenses, including travel, lodging, meals and wages.

Fees [1]	Amount	Due Date	Remarks
Remedial Training and Additional On-Site Training.	Our then-current fee (currently $300 per person, per day) plus expenses.	When billed	If you request that we provide additional training at your Restaurant, or if as the result of an inspection or quality assurance audit we believe that remedial training is necessary, you must pay our daily per person fee as well as expenses, including travel, lodging and meals for our trainers. If remedial training is provided off site you must pay the fee as well as the expenses, including travel, lodging, meals and wages for you and your attendees.
On-Site Evaluation	Reimbursement of the costs of our personnel performing the evaluation, including travel, lodging, meals and miscellaneous expenses.	As incurred	Payable only if an on-site evaluation of a proposed site is performed.
Insufficient Funds Fee	Our then-current fee (currently $100)	On demand, if incurred	Payable if there are insufficient funds in your account to pay fees due to us. If you incur three insufficient funds fees in any 12 month period, we have the right to terminate your Franchise Agreement.
Interest and Late Fees	Interest is charged at a rate of 18% per annum, unless a lower interest rate is required by law in which case it will be the highest interest rate allowed by applicable law. Late Fees are charged at a rate of the lesser of	On demand	Interest and late fees may be charged on all overdue amounts and accrue from the original due date until payment is received in full.

Fees [1]	Amount	Due Date	Remarks
	10% of the overdue amount of the highest amount allowed by applicable law.		
Audit Fee[7]	Cost of audit (estimated to be between $1,000 and $5,000)	When billed	Payable only if we find, after an audit, that you have understated any amount you owe to us, including Gross Revenues, by 2% or more. You must also pay the understated amount plus interest and fees.
Non-Compliance Fee	Our then-current fine (currently $500 for a first violation; $1200 for a second violation and $2,000 for each subsequent violation.	If incurred	Charged if you are found to be out of compliance with the franchise agreement. This is in addition to other remedies available to us.
Transfer Fee (Franchise Agreement)	$7,500 plus any applicable broker fees	At the time of the transfer.	This fee is payable to us.
Renewal Fee	50% of the then-current initial franchise fee for a Standard or Express model (as applicable).	Immediately upon date of renewal.	Your renewal will not be effective until payment is made.
Relocation Fee	$10,000	Upon approval of relocation request.	This is collected if we approve you to move your Restaurant. This is not our exclusive remedy in the event you fail to open the new location.

Fees [1]	Amount	Due Date	Remarks
Inspection and Testing	If you request an inspection of your Restaurant, the expenses, including travel, lodging, meals and wages for our personnel conducting the inspection are payable by you. You must also pay the costs of testing and evaluation of non-conforming items found during any inspection whether requested by you or initiated by us. If you request that you be permitted to use an unapproved product or supplier, you must reimburse our expenses, including travel, lodging, meals and wages for our personnel conducting an inspection and the costs of testing and evaluation plus our then-current request fees (our current request fees are $100 per request or $300 if a request involves more than one supplier, product or item of equipment.	On demand	For on-site inspections. Payable if you request that we evaluate a product, item of equipment or supplier that we have not previously approved and that you want to use for your Restaurant.
Liquidated Damages	Will vary under circumstances	15 days following a termination for "Cause"	See note [5]

Fees [1]	Amount	Due Date	Remarks
Costs and Attorneys' Fees[6]	Amounts incurred	On demand	If you breach any item under the Franchise Agreement you must reimburse us for the expenses we incur (such as attorneys' fees) in enforcing or terminating the Franchise Agreement.
Indemnification	Amount of loss or damages plus costs.	On demand	You must indemnify us if we are sued or held liable for claims that arise from your ownership or operation of the Franchised Business or for costs associated with defending claims that you used the Proprietary Marks in an unauthorized manner.
De-Identify Premises	Reimbursement of our costs, plus our administrative fee (currently 25% of the de-identification costs).	As incurred	If you fail to de-identify your Restaurant following expiration or termination of the Franchise Agreement, we may re-enter the premises and do so at your expense and charge you a fee.
Insurance Premiums	Reimbursement of our costs, plus our administrative fee (currently 25% of the premium cost).	On demand	If you do not maintain the required insurance coverages, we have the right (but not the obligation) to obtain insurance on your behalf.

Fees [1]	Amount	Due Date	Remarks
Management Fees	Currently 10% of Gross Revenues generated from the Restaurant plus reimbursement of costs.	As needed	If we need to operate the Restaurant due to your death, disability, default, or, in our judgment, your inability to do so, we will manage the Restaurant and the reasonable compensation and expenses of our representative will be paid out of the Gross Revenues generated by the Restaurant, plus our management fee. To the extent we must incur legal fees or legal costs in connection with our exercise of these rights or in the operation of your Restaurant, those fees will also be paid out of Gross Revenues.
Inspection Failure Fee	Our then-current fine (currently $1,500)	As needed	Payable if the Restaurant fails any inspection by us more than one time in any 12-month period.
Branded Supplies	Will vary under the circumstances	As incurred.	We collect these monies and pass it on to our vendor.
Failure to Open Fee	Our then-current fee (currently $200 per week that the Restaurant exceeds the opening date deadline).	As incurred.	Payable if you do not open the Restaurant when required. This fee is in addition to other remedies available to us.

Notes:

(1) All fees described in this Item 6 are non-refundable. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us. Fees may not be uniform for all franchisees. Any payment you make may be applied by us, at our option, to any of your past due indebtedness to us regardless of your written or orally expressed intention.

(2) For the purposes of determining the Royalty Fee to be paid under the Franchise Agreement, "Gross Revenues" means the total selling price of all services and products and all income of every other kind and nature related to the Franchised Business, whether for cash or credit and regardless of collection in the case of credit. Gross Revenue also includes fair market value for any product or service you receive in barter or exchange for your products or services and all insurance proceeds that you receive for the loss of the Restaurant due to a casualty to or similar event at the Restaurant. The entire amount of the sale generated from service providers such Uber Eats, Door Dash and similar companies is reportable as Gross Revenue. Gross Revenues expressly excludes taxes collected from your customers and paid to the appropriate taxing authority and customer refunds or adjustments. Gift cards or similar program payments are currently included in Gross Revenues when the gift card or applicable credit is redeemed, however we reserve our right to change this in the future.

The Royalty Fee will be withdrawn from your designated bank account by electronic funds transfer ("EFT") weekly on Monday (or another day chosen by us) based on the Restaurant's Gross Revenues for the preceding week ending Sunday. We may increase this royalty on an annual basis by a percentage up to the increase in the U.S. Consumer Price Index chosen by Franchisor within the general vicinity of the Franchisee location and such increase will not be more than a 3.5% increase over the term of your Franchise Agreement (i.e. a maximum of 9.5%). Failure to fully and timely pay all amounts due related to your franchise may result in the suspension of your access to certain services and may also be deemed good cause for termination of the Agreement. If you do not report the Restaurant's Gross Revenues, we may debit your account for 120% of the last Royalty Fee that we debited. If the fees we debit are less than the fees you actually owe us, once we have been able to determine the true and correct Gross Revenues, we will debit your account for the balance on a day we specify. If the fees we debit are greater than the fees you actually owe us, we will credit the excess against the amount we otherwise would debit from your account during the following week.

If any state imposes a sales or other tax on the Royalty Fees, then we have the right to collect this tax from you.

(3) We have established and administer a Brand Development Fund on behalf of the System (see Item 11) for the common benefit of the System franchisees. The Brand Development Fund Fee will be withdrawn from your designated bank account by electronic funds transfer ("EFT") weekly on Monday of each week or another day designated by us.

(4) No Cooperatives have been established as of the date of this Disclosure Document. Company owned restaurants may, but are not obligated to, participate in any cooperative, if established.

(5) If we terminate your Franchise Agreement due to your default, you must pay us, within 15 days after the effective date of termination, liquidated damages equal to the average monthly Royalty Fees you owed to us during the 12 months of operation preceding the effective date of termination (or your period of operation if less than 12 months) multiplied by: (a) 24 (being the number of months in two full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is higher.

(6) If we engage an attorney to collect any unpaid amounts (whether or not formal judicial proceedings are initiated), you must pay all reasonable attorneys' fees, court costs and collection expenses incurred by us. If you are in breach or default of any non-monetary material obligation and we engage an attorney to enforce our rights (whether or not judicial proceedings are initiated), you must pay all reasonable attorneys' fees, court costs and litigation expenses. If you institute any legal action to interpret or enforce the terms of the Franchise Agreement, and your claim in the action is denied or the action is dismissed, we may recover our reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against the same.

(7) You must maintain accurate business records, reports, accounts, books and data relating to the operation of your Restaurant. We have the right to inspect and/or audit your business records during normal business hours. If any audit reveals that you have understated Gross Revenues by 2% or more, or if you have failed to submit complete reports and/or remittances for any 2 reporting periods within a 12 month period, or you do not make them available when requested, you must pay the reasonable cost of the audit, including the cost of auditors and attorneys, together with amounts due for royalty and other fees as a result of the understated Gross Revenues, including interest from the date when the Gross Revenues should have been reported or paid.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT
(EXPRESS MODEL)

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee [1]	$25,000	Lump Sum	When Franchise Agreement is Signed	Us
Security and Camera System[2]	$1,500 - $2,500	As arranged	As arranged	Approved Supplier
Utility Deposits[3]	$700 - $1,500	As arranged	As arranged	Utility Companies
Real Estate Lease [4]	$3,600 to $4,500	As arranged	As arranged	Landlord
Initial Inventory and Supplies [5]	$3,000 to $6,000	As arranged	As arranged	Approved Supplier
Leasehold Improvements [6]	$20,000 to $50,000	As arranged	As arranged	Contractor

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Furniture, Fixtures and Equipment(7)	$34,200 to $86,000	As arranged	As arranged	Approved Supplier
Grand Opening Marketing (8)	$3,000 -$6,000	As arranged	As arranged	Approved Supplier
Signage & Visual Branding (9)	$10,000 to $20,000	As arranged	As arranged	Approved Supplier
Computer, Software and POS(10)	$10,000-$13,000	As arranged	As arranged	Approved Suppliers
Business Licenses Professional Fees and Permits (11)	$1,500 to $3,500	As arranged	As arranged	Government Agencies; Attorney; Accountant
Travel & living expenses while training (12)	$1,200 to $5,000	As arranged	As arranged	Airline, Hotel, Restaurant, etc.
Initial Marketing Kit (13)	$500 to $700	As arranged	As arranged	Approved Supplier
Insurance (14)	$350 to $900	As arranged	As arranged	Insurance Companies
Uniforms (15)	$250 to $400	As arranged	As arranged	Approved Supplier
Certifications(16)	$500	As needed	As arranged	Approved Supplier
Additional Funds – 3 Months (17)	$7,500 to $26,000	As arranged	As arranged	Various
Total (18)	$122,800 to $251,500			

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable. We do not directly or indirectly finance any portion of your initial investment. All of our estimates assume that you will purchase the required items. Your costs may be lower if you choose to lease some items.

Notes:

1. Initial Franchise Fee. The initial franchise fee is discussed in Item 5. The amount listed in the chart does not include any available discounts.

2. Security and Camera System. This includes the cost to install a security system and video surveillance camera system for the Restaurant.

3. Utility Deposits. You will probably need to provide utility deposits to your landlord and/or your local utilities, such as gas, electricity and water.

4. Real Estate Lease. Our estimate assumes that you will lease space for your Restaurant. This includes the first months' rent and security deposit. You will need an approximately 600 to 900 square foot facility. If you purchase real property, we cannot estimate how this purchase will affect your total initial investment.

5. Initial Inventory and Supplies. Our estimate includes your initial inventory of food products, ingredients, beverages, paper goods, merchandise, branded items and supplies for your Restaurant.

6. Leasehold Improvements. The cost of leasehold improvements may vary depending on numerous factors, including: (i) the size and configuration of the premises; (ii) pre-construction costs (including demolition of existing walls and removal of existing improvements and fixtures); and (iii) cost of materials and labor, which may vary based on geography and location or whether you must use union labor for the build-out of your Restaurant. This figure is our best estimate based on our experience in these matters. This amount may vary substantially based on local conditions, including the availability and prices of labor and materials. Costs may also vary depending on whether certain costs will be incurred by the landlord or through landlord tenant improvement contributions and the condition of the space before you take possession of the premises. The leasehold improvements will depend on the size of the Restaurant. We will provide you with prototype plans for the build-out of a Restaurant. You must hire an accepted architect to adapt our plans to the specific shape and dimensions of the Accepted Location for your Restaurant. Our approval of your drawings only relates to how well the build-out plans implement our prototype plans and implementation and presentation of the Proprietary Marks. You must make sure that the plans comply with all applicable laws, rules, regulations, ordinances and building codes, including any relating to accommodations for disabled persons.

7. Furniture, Fixtures and Equipment. This is an estimate for the items we would expect you to need for lighting, cabinets, countertops, tables and seating options for the operation of your business. You may be able to use some of the existing light fixtures, cabinets, countertops and seating subject to our written approval. Actual furniture and fixture costs may vary due to additional seating. The estimate given is based on seating for 10-25 customers. You must lease or purchase various pieces of kitchen equipment (used or new) for the operation of the franchised business as specified in the operations manual. You must lease or purchase only the approved brands and models of kitchen equipment from our approved vendors. You must lease or purchase (used or new) kitchen equipment that meets our specifications, which may change from time to time. The type of kitchen equipment includes, but is not limited to: One 20 cubic foot refrigerator, one 20 cubic foot freezer, under counter refrigerator, one toaster conveyor belt, meat slicer, microwave, under counter prep cooler, deep fryer, charbroiler, hoods and ansel system, tabletop display case, ice machine, sinks, work tables, shelving and various kitchen utensils. The cost of this equipment will depend on financing terms available, the condition of the equipment and other factors. Third-party financing may be available for qualified candidates for some of the equipment costs, however, with such financing comes associated costs and fees which will cause the cost to exceed what is

indicated in this chart. This estimate also includes the cost for graphic work, menu boards and their installation.

8. Grand Opening Marketing. You must conduct a grand opening marketing campaign with our approved marketing vendor in the manner specified. This marketing campaign will begin at your soft opening and will continue for approximately sixty days. We may designate a different time period for you to conduct the grand opening campaign. We must accept your grand opening marketing campaign before it is conducted.

9. Signage & Visual Branding. These amounts represent your cost for exterior signage. Your landlord or your local ordinances may have different restrictions on signage which may affect your costs.

10. Computer and Software. See Item 11 for information on the Computer and Software Requirements. This includes costs for Deli Delicious Radio Broadcast.

11. Business Licenses, Professional Fees and Permits. These are estimates of the costs for obtaining local business licenses which typically remain in effect for one year. The cost of these permits and licenses will vary substantially depending on the location of the Franchised Business. We strongly recommend that you verify the cost for all licenses and permits required in your jurisdiction before signing the Franchise Agreement. We strongly recommend that you engage the services of an attorney and/or accountant to assist you in evaluating this franchise offering. You may also wish to use an attorney to assist you in lease negotiations and/or to form an entity to own the franchise.

12. Travel & Living Expenses While Training. We provide initial training for up to two people at no additional charge. These estimates include only your out-of-pocket costs associated with attending our initial training program, including travel, lodging, meals and applicable wages. Your costs may vary depending on your selection of lodging and dining facilities and mode and distance of transportation.

13. Initial Marketing Kit. These amounts including marketing materials for you to advertise and market the Restaurant.

14. Insurance. This estimate covers amounts you will pay in insurance premiums for the first 3 months of operation. This estimate does not take into account workers' compensation insurance which may vary greatly by state, payroll and classification. Our insurance requirements are described in Item 8. You should contact your insurance agent and obtain an estimate of your actual insurance costs.

15. Uniforms. Our estimate includes the cost for uniform items for you and staff you may choose to hire.

16. Certifications. Our estimate includes your initial cost for you or your Operating Principal (if you are an entity) and your General Manager to obtain ServSafe Manager Training certification.

17. Additional Funds. This estimate is your additional startup expenses for an initial three-month period, based on an owner-operated location (including initial part-time labor costs but not full-time labor and benefits), replenishing inventory, utilities, and rent miscellaneous expenses. It does not include any revenue that your Restaurant may earn in the first three months of operation, local advertising or fees payable to us. The expenses you incur will depend on factors such as the

time of the year that you open, both local economic and market conditions, as well as your business experience.

18. Total. We relied upon our founder's and our franchisees' experience in operating similar businesses since 1996 and our general business knowledge when preparing these figures. The businesses that these figures are based on are located in California. These amounts do not include any estimates for debt service. Your costs may vary based on a number of factors including but not limited to the geographic area in which you open, local market conditions, the location selected, the time it takes to build sales at the establishment and your skills at operating a business.

YOUR ESTIMATED INITIAL INVESTMENT
(STANDARD MODEL)

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (1)	$30,000	Lump Sum	When Franchise Agreement is Signed	Us
Security and Camera System(2)	$2,000 - $5,000	As arranged	As arranged	Approved Supplier
Utility Deposits(3)	$1,500 - $2,500	As arranged	As arranged	Utility Companies
Real Estate Lease (4)	$6,500 to $11,750	As arranged	As arranged	Landlord
Initial Inventory and Supplies (5)	$6,500 to $18,000	As arranged	As arranged	Approved Supplier
Leasehold Improvements (6)	$65,000 to $200,000	As arranged	As arranged	Contractor
Furniture, Fixtures and Equipment(7)	$60,000 to $109,000	As arranged	As arranged	Approved Supplier
Grand Opening Marketing (8)	$6,000	As arranged	As arranged	Approved Supplier
Signage & Visual Branding (9)	$10,000 to $20,000	As arranged	As arranged	Approved Supplier
Computer, Software and POS(10)	$13,000-$16,000	As arranged	As arranged	Approved Suppliers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Business Licenses Professional Fees and Permits (11)	$1,500 to $3,500	As arranged	As arranged	Government Agencies; Attorney; Accountant
Travel & living expenses while training (12)	$1,200 to $5,000	As arranged	As arranged	Airline, Hotel, Restaurant, etc.
Initial Marketing Kit (13)	$2,000 to $3,700	As arranged	As arranged	Approved Supplier
Insurance (14)	$400 to $1,000	As arranged	As arranged	Insurance Companies
Uniforms (15)	$250 to $400	As arranged	As arranged	Approved Supplier
Certifications(16)	$500	As needed	As arranged	Approved Supplier
Additional Funds – 3 Months (17)	$21,000 to $42,000	As arranged	As arranged	Various
Total (18)	$227,350 to $474,350			

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable. We do not directly or indirectly finance any portion of your initial investment. All of our estimates assume that you will purchase the required items. Your costs may be lower if you choose to lease some items.

Notes:

1. Initial Franchise Fee. The initial franchise fee is discussed in Item 5. The amount listed in the chart does not include any available discounts.

2. Security and Camera System. This includes the cost to install a security system and video surveillance camera system for the Restaurant.

3. Utility Deposits. You will probably need to provide utility deposits to your landlord and/or your local utilities, such as gas, electricity and water.

4. Real Estate Lease. Our estimate assumes that you will lease space for your Restaurant. This includes the first months' rent and security deposit but not common area maintenance. You will need an approximately 1,300 to 2,500 square foot facility. If you purchase real property, we cannot estimate how this purchase will affect your total initial investment.

5. Initial Inventory and Supplies. Our estimate includes your initial inventory of food products, ingredients, beverages, paper goods, merchandise, branded items and supplies for your Restaurant.

6. Leasehold Improvements. The cost of leasehold improvements may vary depending on numerous factors, including: (i) the size and configuration of the premises; (ii) pre-construction costs (including demolition of existing walls and removal of existing improvements and fixtures); and (iii) cost of materials and labor, which may vary based on geography and location or whether you must use union labor for the build-out of your Restaurant. This figure is our best estimate based on our experience in these matters. This amount may vary substantially based on local conditions, including the availability and prices of labor and materials. Costs may also vary depending on whether certain costs will be incurred by the landlord or through landlord tenant improvement contributions and the condition of the space before you take possession of the premises. The leasehold improvements will depend on the size of the Restaurant. We will provide you with prototype plans for the build-out of a Restaurant. You must hire an approved architect to adapt our plans to the specific shape and dimensions of the Accepted Location for your Restaurant. Our approval of your drawings only relates to how well the build-out plans implement our prototype plans and implementation and presentation of the Proprietary Marks. You must make sure that the plans comply with all applicable laws, rules, regulations, ordinances and building codes, including any relating to accommodations for disabled persons.

7. Furniture, Fixtures and Equipment. This is an estimate for the items we would expect you to need for lighting, cabinets, countertops, tables and seating options for the operation of your business. You may be able to use some of the existing light fixtures, cabinets, countertops and seating subject to our written approval. Actual furniture and fixture costs may vary due to additional seating. The estimate given is based on seating for 25-50 customers. You must lease or purchase various pieces of kitchen equipment (used or new) for the operation of the franchised business as specified in the operations manual. You must lease or purchase only the approved brands and models of kitchen equipment from our approved vendors. You must lease or purchase (used or new) kitchen equipment that meets our specifications, which may change from time to time. The type of kitchen equipment includes, but is not limited to: One walk in refrigerator, one walk in freezer, under counter refrigerator, one toaster conveyor belt, meat slicer, microwave, under counter prep cooler, deep fryer, tabletop display case, merchant display cooler, ice machine, ice bins, sinks, work tables, shelving and various kitchen utensils. The cost of this equipment will depend on financing terms available, the condition of the equipment and other factors. Third-party financing may be available for qualified candidates for some of the equipment costs, however, with such financing comes associated costs and fees which will cause the cost to exceed what is indicated in this chart. This estimate also includes the cost for graphic work, menu boards and their installation.

8. Grand Opening Marketing. You must conduct a grand opening marketing campaign with our approved marketing vendor in the manner specified. This marketing campaign will begin at your soft opening and will continue for approximately sixty days. We may designate a different time period for you to conduct the grand opening campaign. We must accept your grand opening marketing campaign before it is conducted.

9. Signage & Visual Branding. These amounts represent your cost for exterior signage. Your landlord or your local ordinances may have different restrictions on signage which may affect your costs.

10. Computer and Software. See Item 11 for information on the Computer and Software Requirements. This includes costs for Deli Delicious Radio Broadcast.

11. Business Licenses, Professional Fees and Permits. These are estimates of the costs for obtaining local business licenses which typically remain in effect for one year. The cost of these permits and licenses will vary substantially depending on the location of the Franchised Business. We strongly recommend that you verify the cost for all licenses and permits required in your jurisdiction before signing the Franchise Agreement. We strongly recommend that you engage the services of an attorney and/or accountant to assist you in evaluating this franchise offering. You may also wish to use an attorney to assist you in lease negotiations and/or to form an entity to own the franchise.

12. Travel & Living Expenses While Training. We provide initial training for up to two people at no additional charge. These estimates include only your out-of-pocket costs associated with attending our initial training program, including travel, lodging, meals and applicable wages. Your costs may vary depending on your selection of lodging and dining facilities and mode and distance of transportation.

13. Initial Marketing Kit. These amounts including marketing materials for you to advertise and market the Restaurant.

14. Insurance. This estimate covers amounts you will pay in insurance premiums for the first 3 months of operation. This estimate does not take into account workers' compensation insurance which may vary greatly by state, payroll and classification. Our insurance requirements are described in Item 8. You should contact your insurance agent and obtain an estimate of your actual insurance costs.

15. Uniforms. Our estimate includes the cost for uniform items for you and staff you may choose to hire.

16. Certifications. Our estimate includes your initial cost for you or your Operating Principal (if you are an entity) and your General Manager to obtain ServSafe Manager Training certification.

17. Additional Funds. This estimate is your additional startup expenses for an initial three-month period, based on an owner-operated location (including initial part-time labor costs but not full-time labor and benefits), replenishing inventory, utilities, and rent miscellaneous expenses. It does not include any revenue that your Restaurant may earn in the first three months of operation, local advertising or fees payable to us. The expenses you incur will depend on factors such as the time of the year that you open, both local economic and market conditions, as well as your business experience.

18. Total. We relied upon our founder's and our franchisees' experience in operating similar businesses since 1996, and our general business knowledge when preparing these figures. The businesses that these figures are based on are located in California. These amounts do not include any estimates for debt service. Your costs may vary based on a number of factors including but not limited to the geographic area in which you open, local market conditions, the location selected, the time it takes to build sales at the establishment and your skills at operating a business.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases

We, and our affiliates, have spent considerable time, effort and money to develop the System. We also anticipate that our System standards will change over time. You are required to adhere to these changes. System standards and specifications may regulate required signs, letterhead, business cards and other promotional materials, computer hardware and software, food, beverage and ingredient purchases, packaging, paper goods, insurance providers and coverage, types and models of authorized equipment and supplies to be used in operating the Restaurant, and designation of approved suppliers and vendors of these items.

Your Restaurant must conform to our high and uniform standards of quality, safety, cleanliness, appearance and service. Part of the appeal of the System is the quality and consistency of the products and services offered to customers. Accordingly, you must not purchase any fixtures, furnishings, equipment, décor items, signs, games, vending machines or other items that do not comply with our specifications, without our written consent. You must purchase all food and beverage products, paper products, furniture, fixtures, decorations, uniforms, equipment, merchandise, and items and products containing the Proprietary Marks and other specified items, exclusively in accordance with our standards and specifications that will be disclosed to you in the Operations Manual or otherwise. You must purchase these items from us, our affiliate or suppliers that we designate. Currently we do not sell any products to our franchisees, except (i) one or more of our suppliers puts our name and logo on some products sold directly to franchisees, and (ii) miscellaneous items (e.g. posters) not exceeding $10,000 annually for all franchisees, which are not required and which you can purchase through independent sources. Our affiliate, DD's Bakery, sells bakery products and cheesecake that franchisees must purchase through a third-party vendor. Franchisees must purchase these items from the required third-party vendor and only bakery products and cheesecake that originate from our affiliate may be used at the Restaurant. Some of our officers own an interest in DD's Bakery. None of our officers have an ownership interest in any other approved supplier. We reserve the right to designate ourselves or our affiliates as the only approved supplier for any of the items noted above in the future. We reserve the right to earn a profit from the sale of items to our franchisees.

You must play what is referred to as "Retail Radio" while open, which first must be approved by us.

Those items for which we have neither designated nor approved suppliers must be purchased in accordance with our standards and specifications as described in the Operations Manual or otherwise. We have the right to modify specifications, standards, suppliers and approval criteria by providing you written notice. There is no limit on our right to do so. We will not permit you or another franchisee to be a supplier of any products or services to other System Restaurants, unless we grant approval for same in writing.

We estimate that the current required purchases and leases described above in accordance with our standards and specifications and designated suppliers are approximately 90% of your overall purchases and leases to establish and operate the Restaurant and 90% of the ongoing purchases and leases.

It is recommended that you have at least 3 days' worth of products on hand, however you are required to have an inventory of purchased bakery goods equal to at least 15% of your gross food purchases based on all your products. This minimum may be increased based on the size of sales. Otherwise, we do not require a specific level of inventory. If particular items do not sell well in your Restaurant, you may request that a specific item or items be removed for your required product list. We will respond to your request within 30 days from the date the request is received.

Approval of New Suppliers or Items

If we designate one or more exclusive suppliers for a particular good or service, you may not request to utilize an alternative supplier. However, if an exclusive supplier has not been designated and you desire to purchase any item from a supplier that is not on our approved supplier list, you must request approval of the item or supplier in writing and we will evaluate the supplier and/or item for approval. Although we are not contractually bound to evaluate any supplier or item within a definite time period, we will make a good faith effort to evaluate the supplier or item and to notify you of approval or disapproval within 30 days from the date we receive your written request. You must pay us our then-current fee for evaluating a supplier, product or item and must reimburse us for our reasonable costs of evaluation and/or testing the proposed supplier, product or item, regardless of whether we approve the supplier, product or item.

Before approving any supplier, product or item we may take into consideration: i) consistency of products and/or name brands, ii) economies of scale achieved by larger volumes, iii) delivery frequency and reliability, and iv) certain other benefits that a particular supplier may offer, such as new product development capability. When approving a supplier, product or item we take into consideration the System as a whole, which means that certain franchisees may pay higher prices than they could receive from another supplier that is not approved. We reserve the right to withhold approval for any reason. We do not release our standards and specifications or criteria for supplier approval to System franchisees.

You may not purchase any item from any supplier for which approval is required until you have first received written notification of our approval. Your request is considered denied unless and until you hear otherwise from us. We may withdraw our approval of a supplier at any time, in our sole discretion.

You must permit us or our agents, at any reasonable time, to remove a reasonable number of food or non-food samples from your Restaurant free of charge for testing by us or by an independent laboratory, to determine whether the samples meet our then-current standards and specifications. In addition to any other remedies we may have, we may require you to reimburse us for the cost of the inspection and testing if (i) a supplier being utilized is found to be one we have not previously approved; or (ii) any sample taken by us fails to conform to our specifications. Additionally, in the event the Restaurant fails any inspection by us for a second time in any twelve-month period, you will be required to pay our then-current fine. You may also request an inspection be performed if we have not performed one in the prior twelve months and, in such case, you will pay for all expenses, including travel, lodging, meals and wages for our representatives performing the inspection.

Revenues of Franchisor and Affiliates

We, and our affiliates, may derive income or revenue from franchisee purchases. We and/or our affiliates have the right to receive payments from any supplier, manufacturer, vendor or distributor to you or to other franchisees within our franchise system and to use these monies without restriction, and as we deem appropriate. For the fiscal year ended December 31, 2023, we earned 102,396.00 in rebate revenue from approved suppliers based on their sales of products to System franchisees which was 4.78% of our total revenue of $2,142,923.00. The revenue we receive from the rebates is based on different methods of calculation. We are paid based on the number of gallons you dispense for beverages, by a dollar amount per case of certain product and by the pound in certain other instances. For the fiscal year ended December 31, 2023, we did not earn any revenue from the sale of products to our franchisees. For the fiscal year ended December 31, 2023, our affiliate earned 1,233,416.37 from the sale of products to our franchisees.

Accepted Location

We must accept the location of your Restaurant and any applicable lease for the premises. Our acceptance of the lease will be conditioned upon your execution, and your landlord's execution, of the Collateral Assignment of Lease and Consent of Lessor attached as Exhibit 4 to the Franchise Agreement under which you, as the lessee, conditionally assign to us your rights under the lease. We reserve the right to reject any lease that does not have general business terms that meet our standards.

We will provide you with a sample layout and specifications for the Restaurant. You must hire an approved architect to prepare your plans and make any necessary changes to our standard layout and specifications. Before we accept your final architectural renderings, plans, and specifications for your Restaurant we must receive certification that the architectural renderings, plans, and specifications comply with the Americans with Disabilities Act (the "ADA"), the architectural guidelines under the ADA, and all applicable state and local codes for accessible facilities. You must display a sign at all times that states "Independently owned and operated."

You must hire a general contractor to complete the build-out of your Restaurant. You must obtain certain items of machinery and equipment from sources we approve. Our approval of your equipment source will not in any way be our endorsement of your equipment source or render us liable for your equipment source's performance. You must obtain certain equipment for the opening of your Restaurant through vendors that we have approved.

Computer Purchase

You must purchase our specified computer system or an alternative system we approve and must purchase software and/or subscribe to any internet-based programs we require, as specified in the Operations Manual or otherwise. We reserve the right to designate ourselves or our affiliate as the sole supplier of required hardware, software or subscription services. We also reserve the right to designate other exclusive technology vendors.

You must accept all major credit cards for customer purchases. This requirement may require that you invest in additional equipment and that you incur fees from the credit card processing vendors that we designate.

You may be required to install a camera system in the Restaurant and provide us with access if we request it. All of your employees must sign documentation acknowledging that they may be recorded and/or may be subject to monitoring and agreeing to same.

Advertising

All advertising and promotion of your Restaurant must conform to our specifications and standards and must be accepted by us in advance. You must submit to us, for our prior approval, at least 30 days in advance of placement deadlines, copies of all advertising and promotional materials, including but not limited to, business cards, signs, displays and mail outs. All advertising and promotional materials, signs, decorations, paper goods (including recipe cards, marketing boards and all forms and stationery used in the Restaurant) and other items we designate must bear the Proprietary Marks in the form, color, location and manner we prescribe.

You must comply with our rules, specifications, reporting requirements, and reimbursement procedures concerning the offer, sale, redemption, and accounting for gift certificates, gift cards and/or stored value cards. You must participate in and comply with our rules, specifications, reporting requirements, and reimbursement procedures concerning any loyalty card program and other system-wide marketing programs.

Insurance Requirements

You must obtain and keep in force at a minimum the insurance we require in the Operations Manual or otherwise. The mandatory insurance currently includes the following: (i) comprehensive general liability insurance including broad form contractual liability, broad form property damage, personal injury, advertising injury, dram shop liability, completed operations, and with limits of coverage of not less than $1,000,000 per occurrence and $2,000,000 in the aggregate; (ii) products liability insurance with limits of coverage of not less than $1,000,000 per occurrence and $2,000,000 in the aggregate; (iii) workers' compensation insurance as required by the laws of the state in which the Restaurant is operated and employers' liability insurance with a limit per claim of not less than $1,000,000 (iv) fire and extended insurance covering building, supplies, inventory, fixtures, furnishings and equipment in amounts equal to at least 90% of the market value of the building, supplies, inventory, fixtures, furnishings and equipment; and (v) automobile insurance (including non-owned auto if employees are using personal vehicles for company business) with not less than $2,000,000 in coverage. The following coverage is recommended but is not required: (i) business interruption insurance covering a period of not less than 6 months; (ii) employment practices liability insurance with not less than $100,000 in coverage; (iii) a fidelity bond insuring against employee theft and related matters; (iv) cybersecurity insurance of at least $1,000,000 in coverage; and (v) general umbrella coverage. Defense costs cannot erode policy limits.

You may, after obtaining our written consent, elect to have reasonable deductibles under the coverage described above. All of the policies must include a waiver of subrogation in favor of all parties. The policies must contain certain clauses approved by us and waivers approved by us as outlined in the Operations Manual and must be "occurrence" coverage rather than "claims made" coverage.

If the lease for the Restaurant premises requires you to purchase additional insurance or insurance with higher limits than those we require, the lease insurance requirements will take precedence. All insurance policies must contain a separate endorsement naming us and our affiliates as additional insureds using ISO form CG2029 or an equivalent endorsement (no blanket additional insured language is acceptable) and must be written by an insurance carrier accepted by us in writing with an A. M. Best and Standard and Poor's rating of at least "A" or better. You must provide us with all information requested by us to assist us in determining whether a carrier is acceptable. We may require that you obtain insurance from a carrier we designate. No insurance policy may be subject to cancellation, termination, non-renewal or material modification, except upon at least thirty (30) days' prior written notice from the insurance carrier to us. Upon request, you must provide us with a currently issued certificate of insurance evidencing coverage in conformity with our requirements. We may increase or otherwise modify the minimum insurance requirements and you must comply with any modification. We may obtain insurance coverage for your Restaurant if you fail to do so, at your cost, plus our administrative fee for doing so.

If you will be engaging in any construction, renovation or build-out of the premises for the Restaurant, either you or your third-party contractor must have in force for the duration of said project, Commercial General Liability insurance and Worker's Compensation and Employer's Liability insurance in the amounts listed above as well as Builder's Risk insurance in an amount approved by us.

Purchasing or Distribution Cooperatives

We may negotiate purchase arrangements with some of our suppliers (including price terms and product allocations) for the benefit of System franchisees, but we are under no obligation to do so. There are currently no purchasing or distribution cooperatives related to the System.

Material Benefits

We do not provide material benefits to franchisees, such as renewal rights or ability to purchase additional franchises, based on your use of approved or designated sources.

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.

In the table below, the following abbreviations have these meanings: FA means the Franchise Agreement.

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/ lease	FA – Sections 3 and 5	Items 7, 8 and 11
b. Pre-opening purchases/leases	FA – Section 3.3	Items 5, 6, 7, 8 and 11
c. Site development and other pre-opening requirements	FA – Sections 3 and 5	Items 1,7, 8 and 11
d. Initial and ongoing training	FA – Section 5.3	Items 5, 6 and 11
e. Opening	FA – Section 6.1	Items 5, 6 and 11
f. Fees	FA – Section 4	Items 5, 6, and 7
g. Compliance with standards and policies/Manuals	FA – Sections 5.5 and 6	Items 8, 11 and 14
h. Trademarks and proprietary information	FA – Section 6.6	Items 11, 13 and 14
i. Restrictions on products/services offered	FA – Section 6.9	Items 8, 11 and 16
j. Warranty and customer service requirements	FA – Section 6.12	Item 8
k. Territorial development and sales quotas	FA – N/A	Item 12

Obligation	Section in Agreement	Disclosure Document Item
l. Ongoing product/service purchases	FA – Section 6.2 and 6.9	Items 6 and 8
m. Maintenance, appearance and remodeling requirements	FA – Section 6	Items 8 and 11
n. Insurance	FA – Section 7.6	Items 6, 7 and 8
o. Advertising	FA – Section 4.3	Items 6, 8 and 11
p. Indemnification	FA – Section 7.2	Item 6
q. Owner's participation/ management/staffing	FA – Sections 6.3	Items 1, 11 and 15
r. Records and Reports	FA – Sections 4.3.1, 4.7 and 4.8	Item 6 and 11
s. Inspections and audits	FA – Sections 4.8. 4.9 and 6.7	Items 6, 8 and 11
t. Transfer	FA – Section 8	Items 6 and 17
u. Renewal	FA – Section 2.2	Items 6 and 17
v. Post-termination obligations	FA – Section 10	Items 6 and 17
w. Non-competition covenants	FA Section 7.4	Item 17
x. Dispute Resolution	FA – Section 12	Items 6 and 17
y. Liquidated Damages	FA –Section 9	Item 6
z. Guarantee of franchisee obligations	FA-Exhibit 3	Item 1

ITEM 10
FINANCING

We do not offer either direct or indirect financing. We do not guarantee your note, lease or other obligation.

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

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

Pre-Opening Obligations

Before the opening of a Restaurant we will provide the following assistance and services:

1. A copy of our written site selection guidelines and the site selection assistance we deem advisable, including review and approval or disapproval of proposed sites and the proposed lease or purchase agreement for the premises (Franchise Agreement, Section 5.1.) We will also designate a Search Area and your Territory.

2. A copy of standard specifications and requirements for building and furnishing the Restaurant and the required computer and technology systems. Your construction plans must be accepted by us before construction can begin. (Franchise Agreement, Section 5.2.)

3. A copy, on loan, via e-mail (or any other method of our choosing) of our Confidential Operations Manuals, which we may revise during the term of your Franchise Agreement. (Franchise Agreement, Sections 5.5.)

4. A list of any required products or equipment and of approved suppliers, which is subject to change during the term of your Franchise Agreement. (Franchise Agreement, Sections 6.2)

5. An initial training program at our headquarters (or any other location designated by us), as described below. (Franchise Agreement, Sections 5.3)

Ongoing Obligations

During your operation of a Restaurant we will provide the following assistance and services:

1. As we reasonably determine necessary, visits to and evaluations of the Restaurant and the products and services provided to make sure that our high standards of quality, appearance and service of the System are maintained. (Franchise Agreement, Section 6.7.)

2. Advice and written materials (including updates to the Operations Manual) concerning techniques of managing and operating the Restaurant, including new developments and improvements in equipment, food products, recipes, packaging and preparation, as we deem appropriate. We may also provide a telephone hotline, free of charge, to answer questions (during regular business hours Pacific Time Zone). You will be able to contact us for questions, suggestions and guidance on certain matters relating to the System (Franchise Agreement, Sections 5.4. and 5.5)

3. Training programs and seminars, franchisee meetings and other related activities regarding the operation of the Restaurant, as we determine necessary, for you or Restaurant personnel generally, which may be mandatory for you, your General Manager and other Restaurant personnel. (Franchise Agreement, Sections 5.3 and 5.6.)

4. At your request, subject to availability of personnel, additional on-site training or assistance at your Restaurant. You must pay our then-current fee as well as provide reimbursement of expenses for our personnel performing the training or assistance (see Item 6). (Franchise Agreement, Section 5.3)

5. Administration of the Brand Development Fund for so long as we maintain one, in our discretion. (Franchise Agreement, Section 4.3.3.)

6. We reserve the right to approve pricing and/or designate minimum and/or maximum prices you may charge, to the extent permitted by applicable law. (Franchise Agreement, Section 6.2)

Site Selection and Opening

If we have not yet designated an accepted location for the Restaurant when the Franchise Agreement is signed then you are responsible for locating a site within a Search Area. The Search Area is delineated for the sole purpose of site selection and does not provide any territorial exclusivity or protection.

You must assume all costs, liabilities, expenses and responsibility for locating, obtaining and developing a site for the Restaurant and for constructing and equipping the Restaurant at the accepted site. You will select the site for the Restaurant subject to our acceptance and using our site selection criteria and any designated vendors we require. Before you lease or purchase the site for the Restaurant, you must locate a site that satisfies our site selection guidelines. Our acceptance only means that the site meets our minimum requirements for a Restaurant. We reserve the right to approve deviations from our site selection standards based on the individual factors and components of a particular site.

On-site evaluations will be performed as we deem necessary or in response to your reasonable request for site approval, in our discretion. You will be responsible to cover the transportation, room and board and miscellaneous expenses incurred by our personnel during these visits.

Site selection assistance by us does not relieve you of the primary obligation to locate a site within the time periods prescribed herein. Our criteria for site selection include, but are not limited to: location of the site and its setting (free-standing building, shopping center, downtown location, etc.); availability of parking; visibility from main roads; availability, size and placement of signage; co-tenants in the shopping center or immediate area; accessibility to the site; condition of the premises and how much build-out or construction it will need; proximity to competitive businesses; and availability of utilities. We will use these and other factors in determining the suitability of your proposed site for a Deli Delicious restaurant. Once the location for your Restaurant has been determined your Restaurant may not be relocated without our prior written consent. You must provide us with a copy of the lease for your Restaurant location for review prior to execution. You must also provide an executed copy once signed.

There is no contractual limit on the time it takes us to accept or reject your proposed location, however we generally do not take more than 30 days from the time we receive the information requested by us, to accept or reject your proposed location. You must sign a lease for an Accepted Location within six months from the signing the Franchise Agreement. We estimate that the time from when you sign the Franchise Agreement to the opening of the Restaurant will be twelve months. This time depends on the time necessary to obtain financing, to obtain the permits and licenses for the construction and operation of the Restaurant, to complete construction or remodeling as it may be affected by weather conditions, shortages, delivery schedules and other similar factors, to complete the interior and exterior of the Restaurant, including decorating, purchasing and installing fixtures, equipment and signs, and to complete preparation for operating the Restaurant, including purchasing inventory and supplies. If you are unable to open the Restaurant when required or find a suitable site within twelve months from signing the Franchise Agreement we have the right to terminate your Franchise Agreement without providing a refund of any portion of the initial franchise fee.

You may not open for business until: (i) you pay the initial franchise fee and other amounts due to us or our affiliate; (ii) we notify you in writing that your Restaurant meets our standards and specifications; (iii) you and your General Manager have successfully completed initial training to our satisfaction and have obtained the required certifications; (iv) you have provided us with certificates of insurance for all required insurance policies; and (v) you have received our written approval.

Advertising Generally

All franchisees must participate in any customer rewards/loyalty program we establish and adhere to the guidelines we establish from time to time, as set forth in our Operations Manual. We may change the program in any way in our discretion and we may discontinue the program at any time. All Restaurants will be required to honor the rewards any customer receives as part of being a member of the program, unless we state otherwise. Further, you must participate in and comply with all advertising and promotional campaigns and activities that we conduct, including our gift card program. You must honor all gift cards presented to you in conformance with our gift card policies then in effect.

Grand Opening Marketing Campaign

You must conduct a grand opening marketing campaign to promote the opening of your Restaurant, and you must spend at least $3,000 for this campaign if you are opening an Express Model restaurant and $6,000 if you are opening a Standard Model restaurant. This marketing campaign will begin after your soft opening and will continue until approximately 60 days post-opening, provided however, we may designate a different time period. We must accept your grand opening marketing campaign before it is conducted.

Brand Development Fund

We have established a brand development fund to be administered for the common benefit of System franchisees (the "Fund"). Under the Franchise Agreement, we have the right to require you to contribute up to 3.5% of your weekly Gross Revenues to the Fund (currently 2.5%) which is currently required to be paid on Monday each week, beginning when you begin making sales in connection with your Restaurant. We reserve the right to change the pay day or frequency. We can increase the brand development fund payment to a maximum of 3.5% upon 30 days' notice to you.

Both franchised and affiliate-owned Restaurants will be required to contribute to the Fund. We have the sole right to determine contributions and expenditures from the Fund, or any other advertising program, and sole authority to determine the selection of the advertising materials and programs. We are not required, under the Franchise Agreement, to spend any amount of Fund contributions in your Territory and not all System franchisees will benefit directly or on a pro rata basis from these expenditures. (Section 4.3.3.2 and 4.3.3.3 of the Franchise Agreement). We have the right to use Fund contributions, at our discretion, to meet any and all costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which we believe will enhance the image of the System, including the costs of preparing and conducting radio, television, electronic and print advertising campaigns in any local, regional or national medium; utilizing networking sites and social media, such as Facebook, Twitter, LinkedIn, and on-line blogs and forums; creating and/or maintaining a presence in virtual worlds; developing, maintaining, and updating a World Wide Web or Internet site for the System; direct mail advertising; deploying social networking promotional initiatives through online media channels; marketing surveys; employing advertising and/or public relations agencies to provide assistance; purchasing promotional items; conducting and administering promotions and "mystery shopper" program(s) which may include call recording; implementation and use of Customer Relationship Management software and solutions; including the development and maintenance of application software designed to run on computers and other personal electronic devices and providing promotional and other marketing materials and services to the Restaurants operating under the System. Our decisions in all aspects related to the Fund will be final and binding. We may charge the Fund for the costs and overhead, if any, we incur in activities reasonably related to the creation, implementation and administration of the Fund and the advertising and marketing programs for franchisees. These costs and overhead include: (i) the cost of preparing advertising campaigns and other public relations activities, (ii) the cost of employing advertising agencies, including fees to have print or broadcast advertising placed by an agency and all other advertising agency fees, and (iii) the proportionate compensation of our employees who devote time and render services in the conduct, formulation, development and production of advertising, marketing and promotion programs or who administer the Fund. (Section 4.3.3.2 of the Franchise Agreement).

Although we anticipate that all Fund contributions will be spent in the fiscal year in which they are collected, any remaining amounts will be carried over for use during the next fiscal year. We do not owe you any fiduciary obligation for administering the Fund. The Fund may spend more or less than the total Fund annual contributions in a given fiscal year and may borrow funds to cover deficits. If we terminate the Fund, we may choose to spend the funds in accordance with our then-current marketing policies or distribute funds to franchisees on a pro-rata basis. There is no requirement that the Fund be audited. Upon your written request, we will provide you with un-audited fiscal year-end accountings of Fund expenditures. (Section 4.3.3.2 of the Franchise Agreement). We may incorporate the Fund or operate it through a separate entity if we deem appropriate and we may maintain contributions to the Fund in a separate bank account or hold them in our general account and account for them separately.

In our prior fiscal year, $445,812.13 was spent by the Fund. Of the amount spent, 50.4% was spent on social media; 2.3% was spent on graphic design; 39.9% was spent on administration expenses, 6.2% was spent on Sponsorships and 1.2% was spent on miscellaneous items.

Advertising to be used by the Fund or by you locally may be produced in-house or through an outside agency. (Section 4.3.3.2 of the Franchise Agreement).

We will benefit from contacts by new franchisee candidates through our Website, and our franchise opportunity information and application pages will be present within the site, however, we do not otherwise anticipate that any part of your contributions to the Fund will be used for advertising that is principally a solicitation for the sale of additional franchises, but we reserve the right to include a message or statement in any advertisement indicating that franchises are available for purchase and related information. (Section 4.3.3.3 of the Franchise Agreement). We also reserve the right to require you to place a "franchises available" sign (which signage will be provided by us) at a location we designate at your Franchised Business.

Local Advertising and Marketing

You must conduct local advertising in your Territory and you must spend at least 1% of your monthly Gross Revenue on local advertising, in addition to your Fund contribution and amounts owed to any cooperative. We reserve the right to adjust this amount as needed, upon 30 days advanced written notice. You must report your quarterly advertising expenditures to us by the 10th day after the end of each quarter, or at times, on forms, and in a manner we determine.

We must accept all promotional materials before you use them. You must not advertise or use our Proprietary Marks in any fashion on the Internet, World Wide Web or via other means of advertising through telecommunication without our express written consent.

You must provide any proposed promotional materials to us at least 30 days before placement deadline. We are not contractually obligated to accept or reject any materials submitted to us within the 30 days, but we will attempt to do so. You may not use the materials unless we give you approval in writing. Any materials you submit to us for our review will become our property, and there will be no restriction on our use or distribution of these materials.

We reserve the right to require you to include certain language in your local advertising, such as "Franchises Available" and/or "Each Franchise Location Independently Owned and Operated" and our website address and phone number.

You may not directly advertise your Franchised Business or the sale of products or services offered by your Franchised Business outside of your Territory, without our prior written consent.

Cooperative Marketing

If we establish an advertising cooperative within a geographically defined local or regional marketing area in which your Restaurant is located, you must participate and abide by any rules and procedures the cooperative adopts and we approve. You will not have to participate in more than one advertising cooperative. Each cooperative will be organized for the exclusive purposes of administering marketing programs and developing promotional materials for use by the members in local advertising and marketing. You will contribute to your respective cooperative an amount determined by the cooperative, but not to exceed 1.5% of your monthly Gross Revenues, which is in addition to your local advertising requirement. We have the right to draft your bank account for the advertising cooperative contribution and to pass those funds on to your respective cooperative. Our affiliate owned businesses may but will have no obligation to participate in any such advertising cooperatives.

The cooperative members are responsible for the administration of their respective advertising cooperative, as stated in the by-laws that we approve. The by-laws and governing agreements will be made available for review by the cooperative's franchisee members. Each cooperative will maintain its own funds; however, we have the right to review the cooperative's finances, if we so choose. We may require a cooperative to prepare annual or periodic financial statements for our review. Your Franchised Business may not benefit directly or proportionately to its contribution to the cooperative.

We reserve the right to approve all of a cooperative's marketing programs and advertising materials. On 30 days written notice to affected franchisees, we may terminate or suspend a cooperative's program or operations. We may form, change, dissolve or merge any advertising cooperative. Currently there are no cooperatives in the System.

Website

Posting on internet websites is considered "advertising" under the Franchise Agreement, and is subject (among other things) to our review and prior written approval. The term Website includes Internet and World Wide Web pages and encompasses social media sites and activities in virtual worlds. You may not establish a Website using or displaying any of the Proprietary Marks, and you may not advertise your Franchised Business or the sale of products or services offered by your Franchised Business on a Website, except as we permit. We may host and give you access to a separate web page for your Franchised Business on our website(s) ("Location Micro-Site"). Any electronic materials you propose to use must be approved in advance by us before publication to any site. (Section 4.3.4 of the Franchise Agreement).

Currently, customers will find your Location Micro-Site as a link on our System Website. You do not have any responsibility for designing or hosting the Website. However, if you are found to not be in compliance with the System or anything required under this Agreement you may be denied the benefits of your Location Micro-Site until the violation is corrected.

We will have the right to establish a Website or other electronic system providing private and secure communications between us, our franchisees, and other persons and entities that we decide are appropriate. If we require, you must establish and maintain access in the manner we designate.

We reserve the right to develop proprietary software or alternate sources to provide your Location Micro-Site hosting and/or other services. If we do so, we or our designee shall license the software to you and you must pay any fees associated as a result. You must comply with all standards and specifications prescribed by us in the Operations Manual.

We reserve the right to provide you password protected access to conduct all business-related e-mail operations through your private portion of your Location Micro-Site. You may only use the Website and Internet presence provided by us. You may not use any other form of Website, URL or Internet advertising without our express permission.

Computer and Accounting System

We have the contractual right to develop a point of sale (POS) system and a backroom computer system for use in connection with the System. You must acquire computer hardware equipment, software, telecommunications infrastructure products, credit card processing equipment, security and support services we require in connection with the operation of your Franchised Business and all additions, substitutions and upgrades we specify. Your computer system must be able to send and receive email and attachments on the Internet and provide access to the World Wide Web and otherwise support our then-current information technology system. (Section 6.9.5 of the Franchise Agreement). We may provide you with a Deli Delicious e-mail address. We own all Deli Delicious e-mail addresses that you are permitted to use and have full access to all communications sent and received using those addresses. When conducting business with customers, vendors or suppliers of your Franchised Business via e-mail, you must use any Deli Delicious e-mail address provided by us.

We will have the right to independently access information and data collected by the POS system or otherwise related to the operation of your Franchised Business. You must allow us to access the information remotely and we shall have the right to disclose the information and data contained therein to the System. There is no contractual limitation on our right to access this information and data. (Sections 6.9.5 of the Franchise Agreement).

Currently we are requiring that you have (2) POS systems, (1) back of house computer, (2) printers, high speed cable connectivity, and (3) digital menu screens. We recommend, but do not require, that you have a back-up device (either on-site or off-site) to back up your computer files. You must also be able to process credit card payments. You must also make sure that your computer system has the software necessary to allow us independent access to your computer system at all times. You may purchase your computer system from any vendor, and we estimate that the initial cost of your computer system will be approximately $4,800 - $6,000.

We strongly recommend, but do not require, that you obtain an on-site maintenance contract for your computer system's hardware and software. Since a maintenance contract is not required, we cannot estimate your annual cost for a maintenance contract. The cost will depend, in part, on the services you choose, the rates charged by your provider and the length of the contract. Neither we nor any affiliate currently provide you with any computer maintenance, updates or upgrades.

You will be required to pay access and/or services fees to third party software vendors for the use of required software. We estimate that you will be required to pay approximately $200 per month for ongoing software support plus approximately $150 per month for POS related software costs. You may also be required to pay to us a Technology Fee (if charged, currently in the amount of $300.00 per month). The Technology Fee may be used towards costs we incur in relation to establish or maintain software subscriptions, hosting and other technology related items. We may modify the Technology Fee based on vendor pricing and/or the technology we determine to cover as part of the fee upon written notice to you. This Technology Fee is in addition to any payments you must make directly to the third-party providers of any software.

You must upgrade or update your computer equipment and software to comply with our current requirements within thirty days of a change in our requirements. There is no contractual limitation on the frequency or cost of required updates or upgrades. We reserve the right to adopt new technology at any time, which may result in additional fees to you that are not currently known.

Additional Investment

We reserve the right to periodically make changes to the System, including the training curriculum, certifications, standards, facility location requirements, signage, equipment, and fixtures requirements. In the event we make any of these types of changes, or your equipment or facilities wear out or become obsolete (including no longer complying with System standards or requirements), you may have to make, on an as-needed basis, additional investments in your Franchised Business. You must maintain the Franchised Business and the Accepted Location in "like new" condition, normal wear and tear excepted, and shall repaint, redecorate, repair or replace equipment, fixtures and signage as necessary to comply with our standards and specifications.

Once every five years, we may require you to do a refresh at your Franchised Business, making cosmetic adjustments and replacements as we may require, and once every ten years we may require a larger scale refurbish or remodel of your Franchised Business in accordance with our then-current brand image and standards, including those relating to fixtures, furnishings, signs, trade dress and equipment. (Section 6.3.6 of the Franchise Agreement).

Advertising Advisory Committee

We have established an advertising advisory committee to work with us to improve the System and advertising conducted by the Brand Development Fund. The advisory committee acts solely in an advisory capacity, and will not have decision making authority. We have the right to form, change, merge or dissolve any advisory committee.

Training

INITIAL TRAINING PROGRAM

INITIAL TRAINING PROGRAM			
Subject	**Hours of Classroom Training***	**Hours of On-the-Job Training****	**Location**
The Deli Delicious System	2		Corporate Headquarters in Fresno, CA or as we specify
Deli Delicious Standards and Product Overview	3		Corporate Headquarters in Fresno, CA or as we specify
Safety, Health, Sanitation, Cleanliness and Personal Hygiene Requirements	2	2	Corporate Headquarters in Fresno, CA or as we specify

Kitchen Equipment Specifications and Operations	4	8	Corporate Headquarters in Fresno, CA or as we specify
Menu Overview and Pricing	4		Corporate Headquarters in Fresno, CA or as we specify
Food Preparation and Recipes		30	Corporate Headquarters in Fresno, CA or as we specify
Daily Restaurant Operations and Checklists		10	Corporate Headquarters in Fresno, CA or as we specify
Counter Service, Delivery and Catering		4	Corporate Headquarters in Fresno, CA or as we specify
POS Procedures and General Knowledge	2	4	Corporate Headquarters in Fresno, CA or as we specify
Customer Service and Handling Complaints	2	2	Corporate Headquarters in Fresno, CA or as we specify
Product Knowledge, Ordering, Inventory, Pars and Food Cost	4	8	Corporate Headquarters in Fresno, CA or as we specify
Merchandising, Displays, Product Sales and Promotions		2	Corporate Headquarters in Fresno, CA or as we specify
Opening and Closing Procedures		12	Corporate Headquarters in Fresno, CA or as we specify
Marketing and Promotion	2		Corporate Headquarters in Fresno, CA or as we specify
Security Training		4	Corporate Headquarters in Fresno, CA or as we specify
Staffing Your Business	6		Corporate Headquarters in Fresno, CA or as we specify
Management and Employer Guidelines	4		Corporate Headquarters in Fresno, CA or as we specify
Business Plan Overview	2		Corporate Headquarters in Fresno, CA or as we specify
Administrative and Bookkeeping Responsibilities	6		Corporate Headquarters in Fresno, CA or as we specify
Follow Up and Review of Previous Topics (as needed)		4	Corporate Headquarters in Fresno, CA or as we specify
Total Hours	**43**	**90**	

*This includes “virtual” training.
**“On-the-job” training hours may be converted to “classroom” training hours if we determine that in person training is not advisable due to health and safety reasons or otherwise in our discretion. In that case, remote training will be conducted.

No later than 30 days before the date the Restaurant begins operation, you (or your Operating Principal, if you are an entity) and your General Manager must have completed, to our satisfaction, our new owners training program (“Initial Training Program”). The initial training program is designed to provide training in the operation and management of a Deli Delicious restaurant. We plan to conduct this training at our corporate headquarters in Fresno, CA or at another location we designate, however, we may conduct training in a fully remote fashion if deemed necessary. There currently are no fixed (such as monthly or bi-monthly) training schedules. We will hold our training program on an "as needed" basis, depending on the number of franchisees and their employees needing training.

We will provide instructors and training materials for up to two trainees (consisting of the Franchisee (or Operating Principal) and General Manager), the cost of which is included in the initial franchise fee. We may permit you to have additional owners or personnel trained by us for the Restaurant, at your expense, for the then-current additional per person training fee (currently $300 per day) plus travel, lodging and meal expenses. You (or your Operating Principal if you are an entity) and your General Manager must satisfactorily complete initial training and pass our final examination with a minimum score of 90%. If you (your Operating Principal if you are an entity) or your General Manager do not satisfactorily complete the initial training program the individuals who have not passed must remain at training for an additional five (5) days, at your cost, to do remedial training. If the individuals attending initial remedial training are still unable to pass the final exam a second time or if we determine that these persons cannot satisfactorily complete the training program, you must designate a replacement accepted by us to satisfactorily complete the training before you will be permitted to open your Restaurant. Otherwise, we have the right to terminate your Franchise Agreement. You are responsible for all training-related expenses including transportation to and from the training site, lodging and dining expenses. In addition, if your employees will receive a salary during training, you are solely responsible for paying their salary.

Any General Manager or Operating Principal subsequently designated by you must also receive and complete the initial training program. We may approve you to train replacement managers under our training program but you may not train any personnel until we have approved you as a trainer.

The instructional materials used in the initial training include our Operations Manual, marketing and promotion materials, videos, supplemental resources and any other materials that we believe will be beneficial to our franchisees in the training process.

The instructors primarily conducting our initial training program include Ali Nekumanesh and Hesam Hobab. Hesam has over 27 years of experience relevant to the subject matter he will be teaching. Ali has over 14 years of experience relevant to the subject matter he will be teaching.

In addition to the above training, we currently provide five (5) days of opening assistance onsite at your Restaurant prior to opening.

If, during the term of your Franchise Agreement, you request that we provide additional training or assistance on-site at your Restaurant, or if we determine it is necessary, you must pay our then-current per fee (currently $300 per person, per day) and you must reimburse us for any expenses our trainers incur, such as costs of travel, lodging, and meals. Remote training may be substituted for in person training, at our discretion. If remedial training will be provided off-site you must pay the per person daily fee plus travel, lodging, meals and wages for you and your attendees.

We may also choose to hold continuing education seminars and refresher training courses, and we may designate that attendance is mandatory for you, your Operating Principal, General Manager and/or other Restaurant personnel. We may charge our then-current fee (currently $300 per person, per day) and you will pay for all of the expenses incurred by your trainees, including travel, lodging, meals and wages. You are required to attend all franchisee meetings and continuing education held at our corporate office or elsewhere as we determine.

The entire training program is subject to change due to updates in materials, methods, manuals and personnel without notice to you. The subjects and time periods allocated to the subjects actually taught to a specific franchisee and its personnel may vary based on the individual needs and/or experience of those persons being trained.

We may choose to hold an annual conference of our franchisees to provide additional training, introduce new products or changes to the System, or for other reasons. We may designate that attendance at an annual conference is mandatory for you, your Operating Principal, your General Manager and/or other Restaurant personnel. We may charge an attendance fee, which is payable whether you attend or not, and you will pay for all of the expenses incurred by your attendees at the conference, including travel, lodging, meals and wages. We will designate the location of any franchisee conference, such as a resort hotel, but we will not designate an unreasonably expensive site. We do not expect that any conference will last longer than four days.

In addition, you, your General Managers and any other personnel we designate must complete ServSafe Manager Training (or similar). The cost of this certification is not included in the initial franchise fee and we do not provide certification. You may need to receive periodic additional training and/or certification.

You must hire all employees of your Restaurant and are responsible for the terms of their work, training, compensation, management, promotions, terminations, and oversight. You must communicate clearly with your employees in your employment agreements, employee manuals, human resources materials, written and electronic correspondence, pay checks and other materials that you (and only you) are their employer.

Confidential Franchise Operations Manual

The Table of Contents for our Operations Manual is attached to this Disclosure Document as Exhibit F. Our Operations Manual contains approximately 100 pages.

Referral Fee

Currently, we pay a referral fee in the amount of 10% of the current initial franchise fee to existing franchisees who provide us with prospective franchisee leads that result in the signing of a Franchise Agreement. This referral program is administered in our sole discretion and may be changed or discontinued by us at any time. The amount of the referral fee is also subject to change at any time. Those who are eligible to participate in this referral program and who refer prospective franchisees are not acting as our agent and do not speak for us, despite the receipt of a referral fee. We do not control what these individuals say, and we cannot guarantee the accuracy of any statement made by them, to you or any other prospective franchisee.

ITEM 12
TERRITORY

The Franchise Agreement grants you the right to operate one Restaurant at the Accepted Location identified in the Franchise Agreement or subsequently identified and mutually acceptable to both you and us. You must locate an Accepted Location within the non-exclusive Search Area that we specify. The Accepted Location will be added to the Franchise Agreement once we accept it and you secure it. Your Search Area is not exclusive and is only intended to give you a general indication of the area within which you may locate the site for the Accepted Location.

If the lease term is shorter than the term of the Franchise Agreement and the lease cannot be renewed or extended, or you cannot continue for any other reason to occupy the premises of the Restaurant, you must relocate your Restaurant to a site mutually acceptable to you and us in order to complete the balance of the term of the Franchise Agreement. You must give us notice of your intent to relocate, must pay the relocation fee, must procure a site acceptable to us within 60 days after closing the prior Restaurant location, and must open the new Restaurant for business within 180 days of closing the previous one. We may or may not agree to such relocation based upon various criteria including, but not limited to: area demographics, estimated market demand and proximity to other System Restaurants. If you fail to comply with the relocation requirements, we may terminate the Franchise Agreement.

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

We will determine whether you will receive a protected Territory. If you do receive a protected Territory and you remain in compliance with the Franchise Agreement, we will not own, operate, franchise or license any other Restaurant within the Territory during the Term of the Franchise Agreement, except as otherwise provided for herein. Although no other Restaurants will be physically located within your Territory, your Territory may overlap with those of other franchisees or affiliate-owned locations. The continuation of your right to operate your Restaurant in the Territory is not dependent upon achieving a certain sales volume, market penetration or other contingency.

You have no right to distribute any services or products offered in the Restaurant through any alternate channels of distribution such as the Internet, catalog sales, telemarketing or other mail order devices.

We and/or our affiliates reserve all other rights with respect to the Territory, which include but are not limited to:

(i) the right to own, operate, franchise or license, both within and outside the Territory, Restaurants, cafes and food distributors or retailers or any other business operating under names other than the Proprietary Marks, regardless of whether or not these other concepts offer products and services which are similar to or competitive with those offered by your Restaurant.

(ii) the right to distribute products and services in alternative channels of distribution and/or to establish a Deli Delicious restaurant at a "Special Site", whether now existing or developed in the future, both within and outside the Territory (which alternative channels of distribution and/or Special Sites include but are not limited to: club stores, specialty stores, grocery stores, supermarkets, special events centers, parks, stadiums, arenas, museums, art centers, military bases, airports, other public transportation facilities, government offices or institutions, department stores, shopping malls, health care facilities and other institutional food service facilities, hotels and motels, toll road or highway rest stops, colleges, universities, food concession stands, theaters, theme parks, amusement centers, truck stops, beaches, boardwalks and casinos, temporary events, retail restaurant locations being sublet under a lease to a master concessionaire, in addition to sales of products by mail order, catalog, or via the internet, and any similar outlets or distribution methods, provided however, Special Sites shall not include convenience stores);

(iii) in connection with a merger or acquisition, the right to own, operate, franchise or license businesses operating under names other than those identified by the Proprietary Marks, regardless of whether or not these other concepts offer products and services similar to or competitive with those offered by your Franchised Business and regardless of location, and the right to convert those locations to Deli Delicious restaurants; and

(iv) the right to be acquired by (or merge or become affiliated with) any other business operating under names other than the Proprietary Marks, including a competing business, with locations anywhere, which may result in the required conversion of the Restaurant.

We and/or our affiliates retain the right to use and to license others to use the System for the operation and licensing of other System Restaurants at any locations outside of the Territory.

We and our affiliates are under no obligation to pay you any compensation for selling similar products or services through other channels of distribution or at Special Sites under the same and/or different proprietary marks within the Territory. We or our affiliates will fulfill all orders placed through the retail portion of our Website and you will not be entitled to any portion of the profits received from this, even if the customer's order is generated from or delivered in your Territory.

You are unrestricted as to the geographic area from which you may accept business as a System franchisee but you may not actively solicit business from outside your Territory. Except as we otherwise approve, you may not take part in any sales from a location other than the premises of the Restaurant. You are not permitted to conduct off-site services without our prior written consent. Consent may be revoked at any time. We currently allow franchisees to provide catering any delivery services regardless of where the order originates, though we reserve the right to change this in the future.

If we do not offer you a protected Territory, your Territory will consist of the Accepted Location only. If we do offer you a protected Territory is will generally be geographic area not to exceed 2 miles. The protected Territory may be as small as a city block in densely populated urban areas. The Territory will be identified on Exhibit 1 of the Franchise Agreement. Upon renewal, we will re-evaluate your then-current Territory to determine whether there have been any shifts in demographics or in our standards that would warrant modifying your Territory, therefore your total Territory size upon renewal may be smaller or larger than your original Territory.

You are not entitled to any automatic option, right of first refusal or any similar right to acquire additional franchises within the Territory or contiguous territories, but we reserve the right to offer franchisees such rights, in our discretion.

ITEM 13
TRADEMARKS

Under the Franchise Agreement, we grant to you the right to use certain trademarks, service marks and other commercial symbols in connection with the operation of your franchise (the "Proprietary Marks"). Our primary service marks are listed below. We registered the following with the U.S. Patent and Trademark Office ("USPTO") on the Principal Register. You may not sublicense these Proprietary Marks without our written permission. This list may not be an exhaustive list of all marks owned by us or our affiliate.

Mark	Registration Date	Registration Number
Deli Delicious	12/20/16	5103239
Deli Delicious (Word Mark)	9/21/10	3849634
Deli D	9/21/10	3849635

Mark	Registration Date	Registration Number
Deli D	9/21/10	3849636
Deli Delicious PREMIUM DELI SANDWICHES	12/27/16	5107831
SIZZLE STATION	6/11/19	5777161

We do not have a federal registration for the below Proprietary Mark, which is pending. Therefore, this Mark does not have as many legal benefits and rights as federally registered trademarks. If our right to use this Mark is challenged, upon our discretion, you may have to change to an alternative trademark, which may increase your expenses.

Mark	Registration Date	Registration Number
deliD Premium Deli Sandwiches	8/21/23	Pending

We also own and claim common law trademark rights in the trade dress used in your Restaurant. Our common law trademark rights and trade dress are also included as part of the Proprietary Marks.

You cannot contest, directly or indirectly, our ownership of the Proprietary Marks. We intend to file all affidavits and any and all renewals, when due, for the Proprietary Marks listed above.

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court involving the Proprietary Marks, nor any pending infringement, opposition, or cancellation proceedings or material litigation involving the Proprietary Marks. There are no agreements currently in effect that significantly limit our right to use or license the use of the Proprietary Marks in any manner material to the franchise. We are not aware of any superior rights that could affect your use of the Proprietary Marks.

Your rights to the Proprietary Marks are derived solely from your Franchise Agreement. You may have the right to potentially use future trademarks, service marks and logos that we may subsequently license to you. You will only use the Proprietary Marks as we authorize. In using the Proprietary Marks, you must strictly follow our rules, standards, specifications, requirements and instructions which may be modified by us in our discretion. All goodwill associated with the Proprietary Marks remains our exclusive property. You may not use the Proprietary Marks with any unauthorized product or service or in any way not explicitly authorized by the Franchise Agreement. When your Franchise Agreement expires or terminates, all rights for you to use the Proprietary Marks shall cease and you shall not maintain any rights to use any Proprietary Marks. You may not use any other marks, names, commercial symbols or logo type other than those listed above in offering services to the public in connection with your Restaurant.

You cannot use the Proprietary Marks (or any variation of the Proprietary Marks) as part of a corporate name, domain name, homepage, email address or on any website or with modifying words, designs or symbols. You may not use our registered name in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. You may not apply for any trademark or service mark using our name.

In the event of any infringement of, or challenge to, your use of any of the Proprietary Marks, you must immediately notify us, and we will have sole discretion to take such action as deemed appropriate. You must not communicate with any person other than your legal counsel, us and our legal representative in connection with any infringement challenge or claim. We will indemnify and hold you harmless from any suits, proceedings, demands, obligations, actions or claims, including costs and reasonable attorneys' fees, for any alleged infringement under federal or state trademark law arising solely from your authorized use of the Proprietary Marks in accordance with the Franchise Agreement or as otherwise set forth by us in writing, if you have notified us promptly of the claim. We reserve the right, under the Franchise Agreement, to substitute different Proprietary Marks for use in identifying the System and the businesses operating under the System if the current Proprietary Marks no longer can be used, or if we, in our sole discretion, determine that substitution of different Proprietary Marks will be beneficial to the System. If we substitute, change or add any marks, you must bear the cost and expense at your Restaurant (for example, changing signage, business cards, etc.).

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

We do not own any registered patents which are material to the franchise. We do claim copyright protection for many aspects of the System, including, without limitation, the content contained in Operations Manual and other manuals, advertising and promotional materials, training materials and programs, our menus, recipes, product specifications and ingredient lists, videos, proprietary computer software and applications (including mobile applications), architectural plans and designs, web sites and web pages (including content in virtual worlds), and all other written material we develop to assist you in development and operation, although these materials have not been registered with the United States Registrar of Copyrights.

There are no currently effective determinations of the USPTO, the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of our copyrighted materials. We are not required by any agreement to protect or defend copyrights or to defend you against claims arising from your use of patented or copyrighted items or to participate in your defense or indemnify you.

Confidential Operations Manual

You must operate your Restaurant according to the strict standards, methods, policies and procedures specified in the Operations Manual. The Operations Manual is our sole, exclusive and confidential property which we reveal to you in confidence and may only be used by you as provided in the Franchise Agreement.

We may revise the contents of the Operations Manual and you must comply with each new or changed standard, at your own expense. You must make sure that the Operations Manual is kept current at all times. If there is any dispute as to the contents of the Operations Manual, the terms of the master copy maintained by us at our corporate office will be controlling. We may provide you with a hard copy of the Operations Manual, or make our Operations Manual available electronically. You must take all necessary precautions to protect the security of all physical and electronic copies of the Operations Manual.

Confidential and Proprietary Information

Any and all information, knowledge, know-how, techniques and data which we designate as confidential will be deemed confidential for purposes of your Franchise Agreement. Examples of confidential information include, without limitation: (1) site selection, construction plans and design specifications; (2) methods, formats, specifications, standards, systems, procedures, pricing and cost data, sales and marketing techniques; (3) recipes, formulas, ingredients and food preparation techniques; (4) knowledge of specifications for and suppliers of, and methods of ordering, certain products, ingredients, materials, equipment and supplies; (5) knowledge of the operating results and financial performance of other System Restaurants; (6) the Operations Manual; (7) training materials and programs; (8) customer data; (9) all password-protected portions of our Website, intranets and extranets and the information they contain (including the email addresses of our franchisees); and (10) specifics regarding the inner workings of computer software, applications or other technology used by our System.

The Franchise Agreement provides that you acknowledge that your knowledge of the operation of the Deli Delicious System, including the specifications, standards and operating procedures of the Deli Delicious System, is derived from information we disclose to you and that all this information is confidential and our trade secrets. You must require your owners, officers, directors, managers and any of their spouses to sign a personal Guaranty, which binds them to the confidentiality provision in the Franchise Agreement. You must inform your employees and others having access to confidential information of the obligation to maintain the information in confidence and subject to applicable law. All employees must sign a Confidentiality Agreement in a form satisfactory to us, giving us the right to enforce the agreement as a third-party beneficiary. All executed agreements must be forwarded to us to ensure compliance. You are responsible for assuring, before any person leaves your employment, such person returns to you all documents and materials containing our trade secrets and confidential information.

All data that you collect from customers of the Restaurant or through marketing is deemed to be owned exclusively by us and/or our affiliates. You must install and maintain security measures and devices necessary to protect the customer data from unauthorized access or disclosure, and you may not sell or disclose to anyone else any personal or aggregated information concerning any customers. You have the right to use the customer data only in connection with your Restaurant, while the Franchise Agreement is in effect. If you transfer the Franchised Business to a new owner, who will continue to operate it under an agreement with us, you may transfer the customer data to the new owner as part of the going concern value of the business.

All new products, items, services and other developments, whether they be of our original design or variations of existing services or techniques, or your original design or variations of existing services or techniques, and whether created by or for you or an employee will be deemed a work made for hire and we will own all rights in them. If they do not qualify as works made for hire, you must assign ownership to us under the Franchise Agreement. You will not receive any payment, adjustment or other compensation in connection with any new products, items, services or developments.

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

You (or, if you are an entity, your Operating Principal) must personally participate in the operation of your Restaurant. The Operating Principal must be an equity owner in the Franchised Business (in an amount of at least 10%) and have the authority to bind you in all operational decisions regarding the franchise. We will have the right to rely on any statement, agreement or representation made by the Operating Principal. You may not change the Operating Principal without our prior written approval.

You will need a full-time General Manager to be responsible for the direct on-premises supervision of the Restaurant at all times during the hours of operation as required by us. However, you are still responsible for the operations of your Restaurant. At all times, you will keep us advised of the identity of your General Manager. If your General Manager's employment terminates for any reason, you must engage a suitable replacement as soon as possible, but in no event more than 60 days from the date of termination and you must provide suitable coverage in the interim. Your General Manager need not have any equity interest in the Franchised Business. You will disclose to your General Manager only the information needed to operate your Restaurant and the General Manager will be advised that any confidential information is our trade secret.

Both the franchisee (in the case of an individual), your Operating Principal (in the case of an entity) and the General Manager must attend and satisfactorily complete our initial training program.

All of your employees must execute the Confidentiality Agreement in the form attached as Exhibit 5 to the Franchise Agreement. If you are a legal entity, each of the following individuals must sign the Guaranty to our Franchise Agreement: (i) each of your shareholders if you are a corporation; (ii) each of your partners if you are a general partnership; or (iii) each of your members and managers if you are a limited liability company. Spouses of the aforementioned are also required to sign the Guaranty.

If we determine in our sole judgment that the operation of your business is in jeopardy, or if a default occurs, then in order to prevent an interruption in operation of the Restaurant, we may operate your business for as long as we deem necessary and practical. In our sole judgment, we may deem you incapable of operating the Restaurant if, without limitation, you are absent or incapacitated by reason of illness or death; you have failed to make payments when due or have failed to remove any and all liens or encumbrances of every kind placed upon or against your business; or we determine that operational problems require that we operate your Restaurant for a period of time that we determine, in our sole discretion, to be necessary to maintain the operation of the business as a going concern. We shall keep in a separate account all monies generated by the operation of your Restaurant, less our management fee and our expenses, including reasonable compensation and expenses for our representatives. You must hold us and our representatives harmless from and against all actions occurring during the course of such temporary operation. You must pay all of our reasonable attorneys' fees and costs incurred. All royalty fees and other fees due under the Franchise Agreement shall remain payable during our period of operation and shall be paid out of the revenues from the Restaurant.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only offer or sell products and services that are approved by us and must offer for sale certain products and services as designated by us. We may add, delete or alter approved products or services that you are required or allowed to offer in our sole discretion. There are no limits on our right to do so. You must discontinue selling and offering any products, services or items that we, in our sole discretion, disapprove in writing at any time. You may not conduct any other business or activity at the Restaurant without our written permission. You are not permitted to rent out your Restaurant or host any events at your Restaurant which are not affiliated with Deli Delicious and approved by us. You may only sell products at retail and may not engage in the wholesale or distribution of any product.

You must prepare all food items with our recipes and procedures for preparation contained in the Operations Manual or other written instructions, including the measurements of ingredients, and you must not deviate from our standards and specifications by the use or offer of non-conforming items or differing amounts of any item without first obtaining our written consent.

On a case-by-case basis, we may allow you or other franchisees to offer additional services, products or programs that are not otherwise part of the franchise System. We will decide which franchisees can offer additional services and products based on test marketing, the franchisees' qualifications and operational history, differences in regional or local markets and other factors.

You may not create unapproved gift certificates or gift cards, and cannot create unapproved rewards or loyalty programs. You cannot offer free products or services unless approved by at your Restaurant. We may regulate procedures for online/electronic orders and registration, and we have the right to set restrictions on the pricing and sizes of all products that are sold or distributed.

We require you to limit your business to the operation of the Restaurant. If you are an entity, you must be a single purpose entity and you cannot operate any other business or sell any products or services, other than those approved in connection with your Restaurant, using your entity name.

REMAINDER LEFT INTENTIONALLY BLANK

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 Agreement	Summary
a. Length of the term of the franchise	Section 2.1	Term continues for 10 years from the date of the Franchise Agreement unless terminated earlier.
b. Renewal or extension of the term	Section 2.2	Up to one 10 year term, if you meet certain requirements.
c. Requirements for franchisee to renew or extend	Section 2.2	You may renew if you: (i) have timely notified us of your election to renew; (ii) have the right to lease the premises for an additional 10 years (or have secured substitute premises); (iii) have completed all maintenance and refurbishing required by us; (iv) are not in default of any agreement between you and us or our parent, affiliate or predecessor and have substantially complied with all agreements during their term; (v) have satisfied all monetary obligations owed to us and/or our parent, affiliate or predecessor; (vi) have executed our then-current form of Franchise Agreement and any associated renewal addendum; (vii) have satisfied our then-current training requirements for new franchisees; (viii) have paid the renewal fee and (ix) have executed a general release of any and all claims against us and our parent, affiliate or predecessor, and their shareholders, officers, directors, agents, employees, attorneys and accountants arising out of or related to the Franchise Agreement or any related agreement. If you seek to renew your franchise at the expiration of the initial term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement but the fees on renewal will not be greater than what is listed in our then-current Franchise Agreement.

Provision	Section in Franchise Agreement	Summary
d. Termination by franchisee	Section 9.1	Subject to state law, you must give us 90 days' written notice to cure any default within 60 days of the event or circumstances) giving rise to the breach. You must be in material compliance. If we fail to cure any material breach within the 90 day cure period, you may terminate for that reason by written notice, except if the breach is not susceptible to cure within 90 days, but we take action within 90 days to begin curing the breach and act diligently to complete the corrective action within a reasonable time, we will be deemed to have timely cured the breach.
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with "cause"	Section 9.2.1	Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination. See Item 17(g) and (h) for further description.
g. "Cause" defined – curable defaults	Sections 9.2.1	We have the right to terminate the Franchise Agreement, (i) after a 10 day cure period if you fail to timely propose a qualified replacement General Manager (you may only operate during the cure period as long as you maintain adequate supervision of operations during the cure period); (ii) after a 15-day cure period upon your failure to pay any sums owed to us or our parent, affiliate or predecessor; or (ii) after a 30 day cure period upon (a) your failure to pay any sums owed to a third party other than us or our parent, affiliate or predecessor or (b) your failure to comply with any other provision not listed above and not listed in Section (h) below as a non-curable default, except if the breach is not susceptible to cure within the applicable cure period, but you take action within the cure period to begin curing the breach and act diligently to complete the corrective action within a reasonable time, you will be deemed to have timely cured the breach.

Provision	Section in Franchise Agreement	Summary
h. “Cause” defined – defaults which cannot be cured	Section 9.2.2	We may terminate you for cause without opportunity to cure if you or your owners: (i) become insolvent; (ii) have a general assignment for benefit of creditors; (iii) have a petition or proceeding filed under federal bankruptcy laws or are adjudicated bankrupt or insolvent or there is a petition for reorganization; (iv) have failed to pay taxes or a levy or writ of attachment or execution or any other lien against you or your assets which is not released or bonded against within 60 days; (v) are dissolved; (vi) have a receiver or other custodian appointed for your business or have a levy against your business property; (vii) sell products or services at an unauthorized location or in an unauthorized forum; (viii) sell unauthorized products or services; (ix) fail to find an acceptable location within time required; (xi) open the Restaurant before receiving written approval; (xii) abandon the Restaurant or lose the right to the Restaurant premises; (xii) are convicted of a felony or commit another crime that may have an adverse effect on the System or Proprietary Marks; (xiv) transfer any interest without our consent; (xv) maintain false books or records; (xvi) fail to comply with in-term covenants or fail to execute required covenants; (xvii) fail to transfer as required upon death or disability; (xiii) commits fraud or make a material misrepresentation or omission in an application for the franchise; (xix) use the Proprietary Marks or Operations Manual in an unauthorized manner; (xx) commit 3 material events of default in any 12 month period; (xxi) have 3 insufficient fund fees in any 12 month period; (xxii) fail to complete required training; (xxiii) create or allow a threat or danger to the public health or safety in connection with the Franchised Business (xxiv) breach applicable law; (xxv) fail to obtain or maintain required insurance or (xxvi) engage in dishonest or unethical behavior. In addition, a default under one agreement with us may result in a termination of all of your other agreements with us. This is known as a cross-default provision.

Provision	Section in Franchise Agreement	Summary
i. Franchisee’s obligations on termination/non-renewal	Section 10.1	Obligations include: You must stop operating the Restaurant and using the Proprietary Marks and System and completely de-identify the business; cancel assumed names incorporating the Proprietary Marks; pay all amounts due to us or our parents, affiliates, or vendors; return the Operations Manual and all other proprietary materials and destroy any electronic or digital copies; furnish an itemized list of marketing materials bearing the Proprietary Marks; assign telephone numbers and Internet listings; comply with confidentiality and restrictive covenant requirements; pay liquidated damages (if applicable); at our option, sell or assign to us your rights in the Restaurant premises and the equipment and fixtures used in the business; sign a general release (subject to state law); and permit us to make a final inspection of your financial records, books, and other accounting records.
j. Assignment of contract by Franchisor	Section 8.6	We have the right to transfer or assign the Franchise Agreement to any person or entity without restriction.
k. “Transfer” by franchisee – defined	Section 8.3	Includes sale, assignment, conveyance, pledge, mortgage or other encumbrance of any interest in the Franchise Agreement, the Kitchen or you, including any ownership restructuring of you or of any owners of you.
l. Franchisor approval of transfer by franchisee	Section 8.1	You must obtain our written consent before transferring any interest.
m. Conditions for franchisor approval of transfer	Section 8.3.2	Conditions include: You must pay all amounts due us or our parents, affiliates or vendors; not otherwise be in default of any agreements with us or our affiliates; sign a transfer agreement; sign a general release; provide purchase agreement; and pay a transfer fee. Transferee must meet our criteria, complete training to our satisfaction, renovate as required by us, receive approval to take over possession of the Restaurant location and sign then-current Franchise Agreement, at our option. The proposed transferee must satisfy any licensing requirements, have demonstrated to us that he or she meets our standards, possesses good moral

Provision	Section in Franchise Agreement	Summary
		character, business reputation and credit rating, and have the aptitude and adequate financial resources to operate a Restaurant.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 8.3.1	Within 30 days after notice, we have the option to purchase the transferred interest on the same terms and conditions if you propose to transfer any interest in the Franchise Agreement, the Restaurant or the franchisee.
o. Franchisor's option to purchase franchisee's business	Section 10.1.7	Upon termination or expiration of the Franchise Agreement, we have the right to purchase certain assets of the Restaurant.
p. Death or disability of franchisee	Section 8.2	Upon your death or disability, your representative must designate an operator who is acceptable to us for your Franchised Business within 60 days and transfer your interest to an approved party within 120 days. This transfer is subject to the same terms and conditions as any other transfer.
q. Non-competition covenants during the term of the franchise	Section 7.4.1	You and your owners (and spouses) are prohibited from operating, being employed by, or having an interest in a deli-style restaurant or a business which primary offers deli-style sandwiches without our prior written consent or involvement with a company that franchises competitive brands.
r. Non-competition covenants after the franchise is terminated or expires	N/A	None
s. Modification of the agreement	Section 12.1	The Franchise Agreement may not be modified unless mutually agreed to in writing. You must comply with the Operations Manual, as amended from time to time by us.

Provision	Section in Franchise Agreement	Summary
t. Integration/merger clause	Section 12.1	Only the terms of the Franchise Agreement are binding (subject to applicable federal and/or state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. However, nothing in the Franchise Agreement is intended to disclaim the representations made in the Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 12.2	Disputes must be mediated and arbitrated, except for permitted litigation, in the then-current county and state where our corporate headquarters is located-currently Fresno County, California (subject to state law)
v. Choice of forum	Section 12.2	The then-current county and state where our corporate headquarters is located—currently Fresno County, California (subject to state law)
w. Choice of Law	Section 12.2	California law applies (subject to state law)

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 Mohammad Hobab, 2495 West Shaw Ave., Fresno, California 93711, (877) 306-7079, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2021, 2022, 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	49	44	-5
	2022	44	45	+1
	2023	45	44	-1
Company-Owned*	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	49	44	-5
	2022	44	45	+1
	2023	45	44	-1

*The company-owned outlets reflected in the above chart is owned and operated by our affiliate.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2021, 2022, 2023

State	Year	Number of Transfers
California	2021	0
	2022	1
	2023	8
Total	2021	0
	2022	1
	2023	8

Table No. 3
Status of Franchised Outlets
For years 2021, 2022, 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
CA	2021	49	2	1	1	0	5	44
	2022	44	2	1	0	0	0	45
	2023	45	1	0	0	0	2	44
TOTAL*	**2021**	**49**	**2**	**1**	**1**	**0**	**5**	**44**
	2022	**44**	**2**	**1**	**0**	**0**	**0**	**45**
	2023	**45**	1	0	0	0	2	44

*If multiple events occurred affecting an outlet, this table reflects the event that occurred last in time. States not listed had no franchise activity to report.

Table No. 4
Status of Company-Owned Outlets
For years 2021, 2022, 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
None	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Total*	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

Table No. 5
Projected Openings as of December 31, 2023

States	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California	0	1	0
Total	0	1	0

Attached as Exhibit D to this Disclosure Document is a list of all franchisees, including their address and telephone number (or their contact information if their Franchised Business is not yet open) as of the issuance date of this Disclosure Document.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the applicable agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document will be listed on Exhibit E to this disclosure document when applicable. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

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

We established the Deli Delicious Franchise Advisory Council in 2020. Bill Foley, bill@deli-d.com currently serves as its President. No independent franchisee organization has asked to be included in this disclosure document.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit A is our audited financial information as of December 31, 2021, December 31, 2022 and December 31, 2023.

Our fiscal year end is December 31st.

ITEM 22
CONTRACTS

Attached as Exhibits to this Disclosure Document are the following contracts and their attachments:

1. Franchise Agreement (Exhibit B)
   1 Search Area, Accepted Location and Territory
   2 Statement of Ownership Interests
   3 Personal Guaranty

4 Collateral Assignment of Lease
5 Confidentiality and Non-Disclosure Agreement
6 General Form of Release
7 Franchisee Disclosure Acknowledgment Statement
8 Consent to Transfer
9 Assignment and Assumption Agreement
10 Telephone, Internet Websites and Listing Agreement
11 Electronic Transfer Agreement.

2. Multi-State Addendum (Exhibit G)

ITEM 23
RECEIPTS

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document. Please return one signed copy to us and retain the other for your records.

Exhibit A

FINANCIAL STATEMENTS

Deli Delicious Franchising, Inc.

DELI DELICIOUS FRANCHISING, INC.

REPORT ON EXAMINATION

OF

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2023 AND 2022

CONTENTS

Kawana & Gong, LLP
Certified Public Accountants
1827 E. Fir Avenue, Suite 103
Fresno, California 93720-3860

Tel. (559) 226-6664
Fax (559) 226-7174

INDEPENDENT AUDITOR'S REPORT

April 1, 2024

To the Board of Directors
and Stockholder of
Deli Delicious Franchising, Inc.

Opinion

We have audited the accompanying financial statements of Deli Delicious Franchising, Inc. (a California corporation), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income, retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Deli Delicious Franchising, Inc. as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on Schedule I on page 22 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Kawana & Gong, LLP

DELI DELICIOUS FRANCHISING, INC.

BALANCE SHEETS

ASSETS

	December 31, 2023	December 31, 2022
CURRENT ASSETS:		
Cash	$ 91,204	$ 35,471
Accounts receivable:		
Trade	141,491	76,913
Related parties	399,397	315,113
Employees	4,226	5,804
Note receivable – current portion:		
Officers	25,773	24,701
Estimated income taxes	1,302	
Prepaid expenses	4,445	4,128
TOTAL CURRENT ASSETS	667,838	462,130
PROPERTY AND EQUIPMENT - at cost:		
Furniture and fixtures	8,875	8,875
Vehicles	76,954	76,954
Computer equipment	25,708	25,708
Machinery and equipment	24,209	24,209
Leasehold improvements	118,715	118,715
	254,461	254,461
Less accumulated depreciation	170,435	159,554
	84,026	94,907
OTHER ASSETS:		
Operating lease right-of-use assets	199,828	254,195
Note receivable – due after one year:		
Officers		25,701
Intangible asset (net of amortization)	1,231	1,983
	201,059	281,879
	$ 952,923	$ 838,916

See accompanying notes to financial statements.

LIABILITIES AND STOCKHOLDER'S EQUITY

	December 31, 2023	December 31, 2022
CURRENT LIABILITIES:		
Line of credit	$ 42,000	$ 38,893
Accounts payable:		
Trade	187,764	238,414
Accrued payroll	40,165	43,887
Credit card payable	15,142	15,866
Gift card liability	28,152	37,196
Payroll taxes payable	11,435	19,774
Contracts payable	5,556	5,160
Incomes taxes payable		2,292
Current maturities on operating lease liabilities	101,275	97,399
Current maturities on long-term debt	113,698	110,766
TOTAL CURRENT LIABILITIES	545,187	609,647
OPERATING LEASE LIABILITIES, net of current maturities	97,508	153,960
LONG-TERM DEBT, net of current portion	721,682	573,945
STOCKHOLDER'S EQUITY:		
Common stock, no par value; authorized 1,000 shares; issued and outstanding 1,000 shares	60,000	60,000
Additional paid-in capital	24,875	24,875
Accumulated deficit	(496,329)	(583,511)
	(411,454)	(498,636)
	$ 952,923	$ 838,916

DELI DELICIOUS FRANCHISING, INC.

STATEMENTS OF INCOME AND RETAINED EARNINGS

	Years Ended December 31, 2023	2022
SALES:		
Franchise royalties	$ 1,473,495	$ 1,431,770
Advertising income	501,707	485,961
Franchise fees	28,500	7,500
	2,003,702	1,925,231
EXPENSES:		
General and administrative expenses	1,876,655	2,129,267
Depreciation and amortization	11,633	16,074
	1,888,288	2,145,341
INCOME (LOSS) FROM OPERATIONS	115,414	(220,110)
OTHER INCOME (EXPENSES):		
Interest expense	(32,398)	(16,143)
Interest income	6,079	3,324
Marketing income	102,396	120,221
Other income	10,732	23,836
Transfer fees	32,500	48,250
Gain on extinguishment of debt		181,778
Gain on sale of fixed assets		15,000
	119,309	376,266
INCOME BEFORE INCOME TAXES	234,723	156,156
INCOME TAXES:		
Current tax expense	1,842	3,092
	1,842	3,092
NET INCOME	232,881	153,064

See accompanying notes to financial statements.

DELI DELICIOUS FRANCHISING, INC.

STATEMENTS OF INCOME AND RETAINED EARNINGS

	Years Ended December 31, 2023	Years Ended December 31, 2022
ACCUMULATED DEFICIT, BEGINNING OF YEAR	$ (583,511)	$ (191,300)
SHAREHOLDER'S WITHDRAWALS	145,699	545,275
ACCUMULATED DEFICIT, END OF YEAR	$ (496,329)	$ (583,511)

See accompanying notes to financial statements.

DELI DELICIOUS FRANCHISING, INC.

STATEMENTS OF CASH FLOWS

	Years Ended December 31, 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 232,881	$ 153,064
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	11,633	16,074
Gain on extinguishment of debt		(181,778)
(Increase) decrease in:		
Accounts receivable	(147,284)	23,696
Prepaid expenses	(1,619)	5,190
Operating lease right-of-use assets	54,367	(254,195)
Increase (decrease) in:		
Accounts payable	(50,650)	151,444
Accrued payroll	(3,722)	12,912
Credit card payable	(724)	(39)
Gift card liability	(9,044)	(18,880)
Payroll taxes payable	(8,339)	(39,467)
Contracts payable	396	(1,051)
Income taxes payable	(2,292)	(5,880)
Operating lease liabilities	(52,576)	251,359
NET CASH PROVIDED BY OPERATING ACTIVITIES	23,027	112,449
CASH FLOWS FROM INVESTING ACTIVITIES:		
Collection of loans - notes receivable	24,629	38,883
NET CASH PROVIDED BY INVESTING ACTIVITIES	24,629	38,883
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt	275,000	50,000
Proceeds from short-term debt	42,000	42,000
Principal payments - long-term debt	(124,331)	(65,228)
Principal payments - short-term debt	(38,893)	(3,107)
Shareholder's withdrawals	(145,699)	(545,275)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	8,077	(521,610)

See accompanying notes to financial statements.

DELI DELICIOUS FRANCHISING, INC.

STATEMENTS OF CASH FLOWS

(Continued)

	Years Ended December 31, 2023		2022	
NET INCREASE (DECREASE) IN CASH	$	55,733	$	(370,278)
CASH, BEGINNING OF YEAR		35,471		405,749
CASH, END OF YEAR	$	91,204	$	35,471
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION:				
Cash paid during the year for:				
Interest expense	$	32,398	$	16,143
Income taxes	$	5,385	$	800
NONCASH INVESTING AND FINANCING ACTIVITIES:				
Operating lease right-of-use assets obtained in exchange for new operating lease liabilities	$	66,889	$	359,082

See accompanying notes to financial statements.

DELI DELICIOUS FRANCHISING, INC.

NOTES TO FINANCIAL STATEMENTS

ORGANIZATION

Deli Delicious Franchising, Inc. (the "Company"), a California S corporation, was formed on August 27, 2008 to offer franchises to operate deli restaurants. The Company operates under the accrual method of accounting. The Company is currently in the process of acquiring franchisees to operate in various states. The Company has 1,000 shares of no stated value common stock authorized, issued, and outstanding as of December 31, 2023 and December 31, 2022 respectively.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Deli Delicious Franchising, Inc. is presented to assist in understanding the Company's financial statements. The financial statements and notes are the representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements. Management has evaluated subsequent events through April 1, 2024, the date the financial statements were available to be issued.

Cash Equivalents

For purposes of the statement of cash flows, the Company considers all unrestricted investment instruments purchased with original maturities of three months or less to be cash equivalents. At December 31, 2023 and December 31, 2022, there were no cash equivalents.

Contract Assets and Liabilities

When the timing of the Company's revenue recognition is different from the timing of payments made by its customers, the Company recognizes either a contract asset (performance precedes contractual due date) or a contract liability (customer payment precedes performance). Contract assets primarily relate to the Company's right to consideration for goods delivered not yet billed at the reporting date. Contract assets are reclassified to receivables when the right to consideration becomes unconditional. Contract liabilities primarily relate to open performance obligations.

Property and Equipment

Property and equipment are stated at cost. Expenditures for maintenance and repairs are expensed as incurred while renewals and betterments are capitalized. Depreciation is computed on the straight-line method over estimated useful lives.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts receivable

Bad debts are charged to operations in the year in which the account is determined uncollectible. Trade receivables are due no more than 30 days after issuance of the invoice. Receivables past due more than 60 days are considered delinquent. All accounts receivables are considered by management to be fully collectible.

Compensated Absences

Compensated absences for sick pay and vacation time have not been accrued since they cannot be reasonably estimated. The Company's policy is to recognize these costs when actually paid.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising

The Company follows the policy of charging the costs of advertising to expense as incurred. Advertising expense for the years ended December 31, 2023 and December 31, 2022 were $262,340 and $261,044, respectively.

Presentation of Sales Tax

The State of California, and various counties, localities and districts impose a sales tax on all of the Company's sales to nonexempt customers. The Company collects the sales tax from customers and remits the entire amount to the State. The Company's accounting policy is to not include the tax collected and remitted to the State in revenues.

Income Taxes

The Company has elected to be taxed as an S corporation under the provisions of the Internal Revenue Code. Accordingly, the financial statements do not include provision for federal income taxes because the Company does not incur federal income taxes. Instead, the stockholders are taxed on their proportionate share of the Company's taxable income. The state of California does impose a corporate level franchise tax on S corporations. A provision for this tax has been recorded.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes (continued)

The Company classifies interest related to the underpayment of income taxes and any related penalties as operating expenses in the Statement of Income. Penalties related to income taxes for the years ended December 31, 2023 and December 31, 2022 were $-0- and $-0-, respectively.

The Company files income tax returns in the U.S. federal jurisdiction and the state of California. The Company's U.S. federal income tax returns from 2021 to the current year remain open to examination, while the California income tax returns from 2020 to the current year remain open to examination.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of risk consist principally of accounts receivable. Concentrations of credit risk with respect to accounts receivable contracts are due to the majority of customers being located within the Central Valley of California.

The Company performs ongoing credit evaluations of its customers and, generally, requires no collateral.

The Company maintains all of its cash accounts in one commercial bank located in Fresno, California. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At December 31, 2023 and December 31, 2022 there was $-0- and $-0- in excess of the insured limits.

Revenue Recognition

The Company's revenue is derived primarily from franchise fees, franchise royalties and advertising income. Generally, revenue is recognized when the performance obligations have been fulfilled (see note on Franchising). General and administrative expenses are expensed as incurred. Bad debts are charged to operations in the year in which the account is determined uncollectible.

Leases—Lessee

The Company's lease standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into profit and loss on a straight-line basis over the lease term.

NOTE RECEIVABLE

	Years Ended December 31, 2023	Years Ended December 31, 2022
Note receivable from Mohammad Hobab (officer/ shareholder), paid in monthly installments of $2,156.24, including interest at 3%, secured by assets and goodwill of borrower. The loan matures December 15, 2024.	$ 25,773	$ 50,402
	25,773	50,402
Less current portion	25,773	24,701
	$	$ 25,701

DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation expense was computed as follows:

	Estimated Useful Years	Years Ended December 31, 2023	Years Ended December 31, 2022
Machinery and equipment	3 - 5	$ 2,571	$ 2,571
Vehicles	5		2,902
Computer equipment	5	2,373	2,373
Leasehold improvements	20	5,937	5,937
		10,881	13,783

Amortization expense was computed as follows:

Loan fees	30	752	2,291
Total depreciation and amortization expense		$ 11,633	$ 16,074

INTANGIBLE ASSET

Loan fees include costs to acquire long-term financing and are being amortized using the straight-line method over a 10-year life. Amortization expense was $752 and $2,291 for the years ended December 31, 2023 and 2022, respectively. The Company's intangible assets consisted of the following at December 31, 2023 and December 31, 2022:

	Years Ended	
	December 31, 2023	December 31, 2022
Loan fees	$ 13,677	$ 13,677
Accumulated amortization	(12,446)	(11,694)
	$ 1,231	$ 1,983

LINE OF CREDIT

The Company negotiated a $48,500 revolving line of credit with Fundbox. Payments are due weekly in the amount of $1,918.63, including interest at 12.48%. The line of credit matures on September 11, 2024. The line of credit was collateralized by all accounts: accounts receivable, chattel paper, contract rights, documents, equipment, fixtures, general intangibles, goods, instruments, inventory, securities, deposit accounts, and investment property. The current balance of this line of credit is $42,000. Under the credit agreement, the Company was required to abide by certain covenants.

LONG-TERM DEBT

	Years Ended	
	December 31, 2023	December 31, 2022
Note payable to Fresno First Bank, variable interest rate 2.75% over Prime Rate, current rate is 6.00%, due in current monthly installments of principal and interest of $2,349.20, secured by inventory chattel paper, accounts receivable, equipment, general intangibles and fixtures. The loan matures November 24, 2024.	$ 26,794	$ 53,225

LONG-TERM DEBT (continued)

	Years Ended December 31, 2023	Years Ended December 31, 2022
Note payable to Fresno First Bank, variable interest rate, current rate is 5.25%, due in monthly installments of principal and interest of $5,937.61, secured by Real Estate Documents. The loan matures February 15, 2033.	$ 391,260	$ 427,878
Note payable to U.S Small Business Administration, annual interest rate 3.75%, due in monthly installments of principal and interest of $731.00 starting on May 9, 2021, secured by inventory, chattel paper, accounts receivable, equipment, general intangibles and fixtures. The loan matures May 9, 2050.	146,707	150,000
Note payable to Hesam Hobab (shareholder), Interest rate is 3.00%, payments due in monthly installments of $5,000 principal and interest. The loan matures October 28, 2028. Unsecured.	270,619	
Note payable to Lexon Payment Systems, Inc, interest rate is 16.00%, payments due in monthly installments of $14,500 principal and interest, beginning January 1, 2023. The loan matured April 1, 2023. Unsecured.		50,000
Note payable to Toyota Financial, due in monthly installments of $403.13, 0% interest, vehicle pledged as collateral. The loan matured July 29, 2023.		3,608
	835,380	684,711
Less current portion	113,698	110,766
	$ 721,682	$ 573,945

LONG-TERM DEBT (continued)

Maturities of long-term debt for each of the next five years are as follows:

Year Ending	Aggregate Obligations
December 31, 2024	$ 113,698
December 31, 2025	91,705
December 31, 2026	96,864
December 31, 2027	102,414
December 31, 2028	99,512
Thereafter	331,187
	$ 835,380

The Company applied for and received Paycheck Protection Program ("PPP") loans under a new federal program designed to support small businesses during the novel coronavirus ("COVID-19") global health pandemic. The PPP loan program was part of The CARES Act, which was signed into law on March 27, 2020, and is being implemented by the SBA with cooperation from private banks. PPP loans may be fully or partially forgiven by application to the SBA if proceeds are expended based on federal guidelines. Management applied and was approved for a second PPP loan on January 27, 2021 for $181,778 to fund payroll and other allowable costs, while the Company responded to government restrictions on business operations and anticipated reduced revenues from the economic downturn associated with the pandemic. On June 29, 2022, the Company received full forgiveness of the second PPP loan amount, including accrued interest of $2,616.

LEASES—LESSEES

The Company leases its office in Fresno, California from its shareholder under an operating lease with a one-year initial lease term (see note on Related Party Transactions).

The Company leases a warehouse located at 3658 W. Gettysburg, Fresno, California under an operating lease with a two-year initial lease term. The lease expired on December 31, 2023 and was renewed in the following year under a month-to-month lease term.

The Company leases several automobiles under month-to-month lease terms and a three-year operating lease term with a purchase option at the end of the term. The Company does not believe it is reasonably certain that it will exercise the purchase option and has not added the option to the lease measurement assets and liabilities.

LEASES—LESSEES (continued)

The following summarizes the line items in the balance sheets for operating leases:

	Years Ended December 31, 2023	2022
Operating lease right-of-use assets	$ 199,828	$ 254,195
Current maturities on operating lease liabilities	$ 101,275	$ 97,399
Operating lease liabilities, net of current maturities	97,508	153,960
Total Operating lease liabilities	$ 198,783	$ 251,359

The components of operating lease expenses that are included in "General and administrative expenses" in the statement of income and retained earnings are summarized as follows:

	Years Ended December 31, 2023	2022
Operating lease cost:		
Rent expense – office (related party)	$ 99,495	$ 76,200
Rent expense – warehouse	16,200	16,200
Lease expense – autos	14,826	23,579
Total operating lease cost	$ 130,521	$ 115,979
Short-term lease cost:		
Lease expense – autos	$ 7,563	$
Total short-term lease cost	$ 7,563	$

LEASES—LESSEES (continued)

The following summarizes the cash flow information related to the operating leases:

	Years Ended December 31, 2023		Years Ended December 31, 2022	
Cash paid for amounts included in the measurement of lease liabilities:				
Operating leases	$	138,084	$	$115,979
Lease assets obtained in exchange for lease liabilities:				
Operating leases	$	66,889	$	359,082

Weighted average lease term and discount rate were as follows:

Weighted average remaining lease term – operating lease	1.95 years
Weighted average discount rate – operating lease	3.74%

The maturities of operating lease liabilities as of December 31, 2023 were as follows:

Year Ending	Aggregate Obligations
December 31, 2024	$ 106,927
December 31, 2025	99,495
December 31, 2026	
December 31, 2027	
December 31, 2028	
Thereafter	
Total lease payments	206,422
Less: Interest	(7,639)
Present value of lease liabilities	$ 198,783

RELATED PARTY TRANSACTIONS

Sales and Purchases

The Company has routine business transactions with franchisees that are considered related parties. The Company has conducted the following routine business transactions with the related parties:

	Years Ended December 31, 2023	Years Ended December 31, 2022
Franchise royalties	$ 208,478	$ 191,377
Advertising income	69,493	75,463
Other income		43

Accounts receivable–related parties as of December 31, 2023 and December 31, 2022 were $399,397 and $315,113, respectively.

Accounts payable–related parties as of December 31, 2023 and December 31, 2022 were $-0- and $-0-, respectively.

Leases—Lessee

The Company leases its office in Fresno, California from the sole shareholder under a one-year operating lease term, commencing on January 1, 2023. The lease calls for monthly payments of $8,291. The Company has two consecutive option periods to extend the term. The Company believes it is reasonably certain that it will exercise the option to extend the terms of the lease. The option has been added to the measurement of the lease assets and liabilities on the lease commencement date. The lease agreement does not include any material residual value guarantees or restrictive covenants.

RELATED PARTY TRANSACTIONS (continued)

Leases—Lessee (continued)

The portion of operating lease right-of-use assets and liabilities in the balance sheets for the operating office lease from the shareholder is summarized as follows:

	Years Ended December 31, 2023	Years Ended December 31, 2022
Operating lease right-of-use assets	$ 191,443	$ 215,924
Current maturities on operating lease liabilities	$ 93,935	$ 69,304
Operating lease liabilities, net of current maturities	97,508	146,620
Operating lease liabilities	$ 191,443	$ 215,924

The components of operating lease cost for the office lease from the shareholder that is included in "General and administrative expenses" in the statement of income and retained earnings is summarized as follows:

	Years Ended December 31, 2023	Years Ended December 31, 2022
Operating lease cost:		
Rent expense – office (related party)	$ 99,495	$ 76,200

The following summarizes the cash flow information related to the operating office lease from the shareholder:

	Years Ended December 31, 2023	Years Ended December 31, 2022
Lease assets obtained in exchange for lease liabilities:		
Operating office lease	$ 66,889	$ 283,569

RELATED PARTY TRANSACTIONS (continued)

Leases—Lessee (continued)

The remaining lease term and discount rate for the operating office lease from the shareholder as of December 31, 2023 were as follows:

Remaining lease term	2 years
Discount rate	3.74%

The maturities of the operating office lease liabilities as of December 31, 2023 were as follows:

Year Ending	Aggregate Obligations
December 31, 2024	$ 99,495
December 31, 2025	99,495
December 31, 2026	
December 31, 2027	
December 31, 2028	
Thereafter	
Total lease payments	198,990
Less: Interest	(7,547)
Present value of lease liabilities	$ 191,443

Note Receivable

The Company has a note receivable due from the shareholder in the amount of $25,773 and $50,402 at December 31, 2023 and 2022, respectively (see notes on Note Receivable).

Note Payable

The Company has a note payable to the shareholder in the amount of $270,619 and $-0- at December 31, 2023 and 2022, respectively (see notes on Long-Term Debt).

FRANCHISING

Contract Balances

Accounts receivable balances from contracts with franchisees were as follows:

	Accounts Receivable December 31, 2023	Accounts Receivable December 31, 2022
Beginning of year	$ 76,913	$ 72,990
End of year	$ 141,491	$ 76,913

Beginning and end of year balances for contract assets for the years ended December 31, 2023 and 2022 were $-0- and $-0-, respectively. Beginning and end of year balances for contract liabilities for the years ended December 31, 2023 and 2022 were $-0- and $-0-, respectively.

Disaggregation of Revenue

The Company offers franchises to operate deli restaurants throughout the state of California. The majority of its franchised stores are located in central California. The Company is dependent on the restaurant industry and its ability to collect payments due from its franchisees. In general, the Company's franchise agreements provide for the payment of a franchise fee for each opened franchised location. Franchisees pay royalty fees of 6% of gross revenues. The Company collects advertising fees for ongoing regional media, which are based on 2% of weekly gross revenues. Franchisees may generally renew their agreement upon expiration subject to approval and payment of their renewal fees. Invoices are due either upon receipt or 30 days after the invoice date. There are no special arrangements or discounts given for early payments. All invoices are billed and payments collected via an electronic third-party website so that payments are assured.

Franchise revenue consists of the following:

	Years Ended December 31, 2023	Years Ended December 31, 2022
Franchise royalties	$ 1,473,495	$ 1,431,770
Advertising income	501,707	485,961
Franchise fees	28,500	7,500
Total franchise revenue	$ 2,003,702	$ 1,925,231

FRANCHISING (continued)

Disaggregation of Revenue (continued)

As territory is assigned to each franchisee sold, the Company may reach the point where existing markets become saturated and initial franchising revenue declines. Unless new markets are entered into, franchise revenues after market saturation will come primarily from continuing and renewal fees for existing franchises. In 2023 and 2022, there were no territories granted. In 2023, one franchise was opened, two franchises were closed, and 44 franchises were in operation.

Performance Obligations

Initial franchise fees of $25,000 for an express model or $30,000 for a standard model are generally recognized when substantially all services or conditions relating to the franchise sale have been performed or satisfied by the Company. Services provided by the Company include assistance in site selection, franchisee and operator training, and implementation of an accounting and quality control system.

Royalty fees (franchise royalties) are billed to franchisees on a monthly basis and generally recognized at the time of billing. The Company accesses an electronic platform on a weekly basis to retrieve gross sales amount for that one week for each franchised restaurant and calculates and bills the franchisees 6% of gross sales for royalty fees.

Advertising fees (advertising income) are billed to franchisees on a monthly basis based on 2% of that week's gross revenue and are generally recognized at the time of billing. The Company promotes the sales of sandwiches via marketing, local, regional, national, or international advertising, public relations, promotions, surveys, test marketing, research and development, administration (including the Company's salaries, accounting, collection, legal, and other costs), related expenses, and any media costs.

Renewal fees are billed to franchisees when a franchisee renews its contact upon expiration but subject to management's approval and payment of the renewal fees. The Company generally recognizes renewal fees as income when a renewal agreement becomes effective.

Significant Judgments

The Company provides services to franchisees relating to franchise sale and recognizes a Franchise Fees income when substantially all services or conditions relating to the franchise sale have been performed or satisfied by the Company. Determining the time at which the services or conditions have been performed or satisfied by the Company may require significant judgments.

FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB ASC 820, *Fair Value Measurement*, defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability of an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value shall be calculated based on assumptions that the market participants would use in pricing the asset or liability, not on assumptions specific to the Company.

FASB ASC 820 specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). In accordance with FASB ASC 820, the following summarizes the fair value hierarchy:

- Level 1 Inputs – Unadjusted quoted market prices for identical assets and liabilities in an active market that the Company has the ability to access.
- Level 2 Inputs – Inputs, other than quoted prices in level 1, that are observable either directly or indirectly.
- Level 3 Inputs – Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

As of December 31, 2023, none of the assets and liabilities were required to be reported at fair value on a recurring basis. Carrying values of non-derivative financial instruments, including cash, receivables, advances, prepaids, payables, accrued expenses, and loans payable approximate fair values due to the short-term nature of these financial instruments.

SUPPLEMENTARY INFORMATION

DELI DELICIOUS FRANCHISING, INC.

SCHEDULE I

GENERAL AND ADMINISTRATIVE EXPENSES

	Years Ended December 31, 2023	Years Ended December 31, 2022
GENERAL AND ADMINISTRATIVE EXPENSES:		
Advertising and promotion	$ 262,340	$ 261,044
Automobile expense	3,570	5,948
Bank service charges	1,863	4,766
Computer and internet expenses	19,221	20,629
Continuing education	1,650	160
Gifts	2,269	414
Insurance - officer life	2,040	2,212
Insurance expense	43,138	30,868
Janitorial	2,300	2,600
Lease expense	22,389	23,579
Meals and entertainment	14,596	19,299
Miscellaneous	4,285	150
Office supplies	6,472	8,705
Operations expense	744	785
Officers salaries	219,937	332,057
Wages and salaies	761,430	643,184
Payroll taxes	77,292	77,410
Penalties	1,507	2,651
Postage and freight	718	1,283
Professional fees	245,090	456,527
Rent expense	113,745	92,400
Repairs and maintenance	5,453	3,257
Taxes and licenses	9,712	10,001
Telephone expense	15,372	17,298
Travel expense	12,816	6,975
Outside services	17,900	32,502
Security	444	447
Utilities	8,362	9,741
Political contributions		3,200
Bad debt		61,386
Charitable contributions		1,200
Marketing expense		(3,521)
Dues and subscriptions		110
	$ 1,876,655	$ 2,129,267

DELI DELICIOUS FRANCHISING, INC.

REPORT ON EXAMINATION

OF

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2022 AND 2021

CONTENTS

Kawana & Gong, LLP
Certified Public Accountants
1827 E. Fir Avenue, Suite l 03
Fresno, California 93720-3860

Tel. (559) 226-6664
Fax (559) 226-7174
www.kgllpcpas.com

INDEPENDENT AUDITOR'S REPORT

May 24, 2023

To the Board of Directors
and Stockholder of
Deli Delicious Franchising, Inc.

Opinion

We have audited the accompanying financial statements of Deli Delicious Franchising, Inc. (a California corporation), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income, retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Deli Delicious Franchising, Inc. as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on Schedule I on page 23 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Kawana & Gong, LLP

DELI DELICIOUS FRANCHISING, INC.

BALANCE SHEETS

ASSETS

	December 31, 2022		December 31, 2021
CURRENT ASSETS:			
Cash	$	35,471	$ 405,749
Accounts receivable:			
Trade		76,913	72,990
Related parties		315,113	334,733
Employees		5,804	13,803
Notes receivable - current portion:			
Officers		24,701	48,826
Employees			15,000
Prepaid expenses		4,128	9,318
TOTAL CURRENT ASSETS		462,130	900,419
PROPERTY AND EQUIPMENT - at cost:			
Furniture and fixtures		8,875	8,875
Vehicles		76,954	105,979
Computer equipment		25,708	25,708
Machinery and equipment		24,209	24,209
Leasehold improvements		118,715	118,715
		254,461	283,486
Less accumulated depreciation		159,554	174,796
		94,907	108,690
OTHER ASSETS:			
Operating lease right-of-use assets		254,195	
Notes receivable - due after one year:			
Officers		25,701	25,459
Intangible asset (net of amortization)		1,983	4,274
		281,879	29,733
	$	838,916	$ 1,038,842

See accompanying notes to financial statements.

LIABILITIES AND
STOCKHOLDER'S EQUITY

		December 31,		
		2022		2021
CURRENT LIABILITIES:				
Line of credit	$	38,893	$	
Accounts payable:				
Trade		238,414		86,970
Accrued payroll		43,887		30,975
Credit card payable		15,866		15,905
Gift card liability		37,196		56,076
Payroll taxes payable		19,774		59,241
Contracts payable		5,160		6,211
Incomes taxes payable		2,292		8,172
Current maturities on operating lease liabilities		97,399		
Current maturities on long-term debt		110,766		536,931
TOTAL CURRENT LIABILITIES		609,647		800,481
OPERATING LEASE LIABILITIES, net of current maturities		153,960		
LONG-TERM DEBT, net of current portion		573,945		344,786
STOCKHOLDER'S EQUITY:				
Common stock, no par value; authorized 1,000 shares; issued and outstanding 1,000 shares		60,000		60,000
Additional paid-in capital		24,875		24,875
Accumulated deficit		(583,511)		(191,300)
		(498,636)		(106,425)
	$	838,916	$	1,038,842

DELI DELICIOUS FRANCHISING, INC.

STATEMENTS OF INCOME AND RETAINED EARNINGS

	Years Ended December 31, 2022	Years Ended December 31, 2021
SALES:		
Franchise royalties	$ 1,431,770	$ 1,434,088
Advertising income	485,961	541,633
Franchise fees	7,500	
	1,925,231	1,975,721
EXPENSES:		
General and administrative expenses	2,129,267	1,621,825
Depreciation and amortization	16,074	31,029
	2,145,341	1,652,854
INCOME (LOSS) FROM OPERATIONS	(220,110)	322,867
OTHER INCOME (EXPENSES):		
Interest expense	(16,143)	(29,922)
Interest income	3,324	14,234
Marketing income	120,221	78,026
Other income	23,836	38,931
Transfer fees	48,250	15,000
Gain on extinguishment of debt	181,778	203,030
Gain (loss) on sale of fixed assets	15,000	
Employee retention credit		122,564
	376,266	441,863
INCOME BEFORE INCOME TAXES	156,156	764,730
INCOME TAXES:		
Current tax expense	3,092	6,927
Prior years tax expense		(53)
	3,092	6,874
NET INCOME	153,064	757,856

See accompanying notes to financial statements.

DELI DELICIOUS FRANCHISING, INC.

STATEMENTS OF INCOME AND RETAINED EARNINGS

	Years Ended December 31,	
	2022	2021
ACCUMULATED DEFICIT, BEGINNING OF YEAR	$ (191,300)	$ (840,351)
SHAREHOLDER'S WITHDRAWALS	545,275	108,805
ACCUMULATED DEFICIT, END OF YEAR	$ (583,511)	$ (191,300)

See accompanying notes to financial statements.

DELI DELICIOUS FRANCHISING. INC.

STATEMENTS OF CASH FLOWS

		Years Ended December 31,		
		2022		2021
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	$	153,064	$	757,856
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization		16,074		31,029
Gain on extinguishment of debt		(181,778)		(203,030)
(Increase) decrease in:				
Accounts receivable		23,696		21,987
Prepaid expenses		5,190		231
Operating lease right-of-use assets		(254,195)		
Increase (decrease) in:				
Accounts payable		151,444		(99,775)
Accrued payroll		12,912		(7,497)
Credit card payable		(39)		(3,997)
Gift card liability		(18,880)		(85,214)
Payroll taxes payable		(39,467)		(122,065)
Contracts payable		(1,051)		4,082
Income taxes payable		(5,880)		8,172
Operating lease liabilities		251,359		
NET CASH PROVIDED BY OPERATING ACTIVITIES		112,449		301,779
CASH FLOWS FROM INVESTING ACTIVITIES:				
Collection of loans - notes receivable		38,883		214,894
Notes receivable - advances				(205,000)
Purchases of property and equipment				{6,000)
NET CASH PROVIDED BY INVESTING ACTIVITIES		38,883		3,894

See accompanying notes to financial statements.

DELI DELICIOUS FRANCHISING, INC.

STATEMENTS OF CASH FLOWS

(Continued)

		Years Ended December 31,		
		2022		2021
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from long-term debt	$	50,000	$	184,526
Proceeds from short-term debt		42,000		
Principal payments - long-term debt		(65,228)		(62,458)
Principal payments - short-term debt		(3,107)		
Shareholder's withdrawals		(545,275)		(108,805)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES		(521,610)		13,263
NET INCREASE (DECREASE) IN CASH		(370,278)		318,936
CASH, BEGINNING OF YEAR		405,749		86,813
CASH, END OF YEAR	$	35,471	$	405,749

SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION:				
Cash paid during the year for:				
Interest expense	$	16,143	$	27,174
Income taxes	$	800	$	800

See accompanying notes to financial statements.

ORGANIZATION

Deli Delicious Franchising, Inc. (the "Company"), a California S corporation, was formed on August 27, 2008 to offer franchises to operate deli restaurants. The Company operates under the accrual method of accounting. The Company is currently in the process of acquiring franchisees to operate in various states. The Company has 1,000 shares of no stated value common stock authorized, issued, and outstanding as of December 31, 2022 and December 31, 2021 respectively.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Deli Delicious Franchising, Inc. is presented to assist in understanding the Company's financial statements. The financial statements and notes are the representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements. Management has evaluated subsequent events through May 24, 2023, the date the financial statements were available to be issued.

Cash Equivalents

For purposes of the statement of cash flows, the Company considers all unrestricted investment instruments purchased with original maturities of three months or less to be cash equivalents. At December 31, 2022 and December 31, 2021, there were no cash equivalents.

Property and Equipment

Property and equipment are stated at cost. Expenditures for maintenance and repairs are expensed as incurred while renewals and betterments are capitalized. Depreciation is computed on the straight-line method over estimated useful lives.

Accounts receivable

Bad debts are charged to operations in the year in which the account is determined uncollectible. Trade receivables are due no more than 30 days after issuance of the invoice. Receivables past due more than 60 days are considered delinquent. All accounts receivables are considered by management to be fully collectible.

Compensated Absences

Compensated absences for sick pay and vacation time have not been accrued since they cannot be reasonably estimated. The Company's policy is to recognize these costs when actually paid.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising

The Company follows the policy of charging the costs of advertising to expense as incurred. Advertising expense for the years ended December 31, 2022 and December 31, 2021 were $261,044 and $263,465, respectively.

Presentation of Sales Tax

The State of California, and various counties, localities and districts impose a sales tax on all of the Company's sales to nonexempt customers. The Company collects the sales tax from customers and remits the entire amount to the State. The Company's accounting policy is to not include the tax collected and remitted to the State in revenues.

Income Taxes

The Company has elected to be taxed as an S corporation under the provisions of the Internal Revenue Code. Accordingly, the financial statements do not include provision for federal income taxes because the Company does not incur federal income taxes. Instead, the stockholders are taxed on their proportionate share of the Company's taxable income. The state of California does impose a corporate level franchise tax on S corporations. A provision for this tax has been recorded.

The Company classifies interest related to the underpayment ofincome taxes and any related penalties as operating expenses in the Statement oflncome. Penalties related to income taxes for the years ended December 31, 2022 and December 31, 2021 were $-0- and $67, respectively.

The Company files income tax returns in the U.S. federal jurisdiction and the state of California. The Company's U.S. federal income tax returns from 2020 to the current year remain open to examination, while the California income tax returns from 2019 to the current year remain open to examination.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of risk consist principally of accounts receivable. Concentrations of credit risk with respect to accounts receivable contracts are due to the majority of customers being located within the Central Valley of California.

The Company performs ongoing credit evaluations of its customers and, generally, requires no collateral.

The Company maintains all of its cash accounts in one commercial bank located in Fresno, California. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At December 31, 2022 and December 31, 2021 there was $-0- and $239,933 in excess of the insured limits.

Revenue Recognition

The Company's revenue is derived primarily from franchise fees, franchise royalties and advertising income. Generally, revenue is recognized when the performance obligations have been fulfilled (see note on Franchising). General and administrative expenses are expensed as incurred. Bad debts are charged to operations in the year in which the account is determined uncollectible.

CHANGE IN ACCOUNTING PRINCIPLES - NO RESTATEMENT

Adoption of FASB ASC 842

Effective January 1, 2022, the Company adopted FASB ASC 842, Leases. The Company determines if an arrangement contains a lease at inception based on whether the Company has the right to control the asset during the contract period and other facts and circumstances. The Company elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.

The adoption of FASB ASC 842 resulted in the recognition of right-of-use-assets, net of prepaid lease payments and lease incentives, and lease liabilities as of January I, 2022 as follows:

	Assets	Liabilities
Operating lease	$ 254.195	$ 251.359

CHANGE IN ACCOUNTING PRINCIPLES - NO RESTATEMENT {continued)

Adoption of FASB ASC 842 {continued)

Results for periods beginning prior to January 1, 2022 continue to be reported in accordance with our historical accounting treatment. The adoption of FASB ASC 842 did not have a material impact on the Company's results of operations, cash flows or debt covenants (see note on Leases-Lessees (After the adoption ofFASB ASC 842)).

NOTES RECEIVABLE

	Years Ended December 31, 2022	Years Ended December 31, 2021
Note receivable from Mohammad Hobab (officer/ shareholder), paid in monthly installments of $2,156.24, including interest at 3%, secured by assets and goodwill of borrower. The loan matures December 15, 2024.	$ 50,402	$ 74,285
Note receivable from Sam Siamak Namdarian, $140,000 due on June 30, 2021, remaining balance paid in monthly installments of $10,000 with final payment of $5,000. Interest at 0%, unsecured. The loan matures February 1, 2022.		15,000
	50,402	89,285
Less current portion	24,701	63,826
	$ 25,101	$ 25A52

DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation expense was computed as follows:

	Estimated Useful Years	Years Ended December 31, 2022	Years Ended December 31, 2021
Machinery and equipment	3-5	$ 2,571	$ 2,835
Furniture and fixtures	7		197
Vehicles	5	2,902	16,882
Computer equipment	5	2,373	2,373
Leasehold improvements	20	5,937	5,937
		13,783	28,224

Amortization expense was computed as follows:

Loan fees	30	2,291	2,805
Total depreciation and amortization expense		$ 16,074	$ 31,029

INTANGIBLE ASSET

Loan fees include costs to acquire long-term financing and are being amortized using the straight-line method over a 30-year life. Amortization expense was $2,291 and $2,805 for the years ended December 31, 2022 and 2021, respectively. The Company's intangible assets consisted of the following at December 31, 2022 and December 31, 2021:

	Years Ended December 31, 2022	Years Ended December 31, 2021
Loan fees	$ 13,677	$ 13,677
Accumulated amortization	{11,694)	(9,403)
	$ 1,983	$==4::::::ail:.2==7===4

LINE OF CREDIT

The Company negotiated a $42,000 revolving line of credit with Fundbox. Payments are due weekly in the amount of $1,907.32 including interest at 8.99%. The line of credit matures on July 19, 2023. The line of credit was collateralized by all accounts: accounts receivable, chattel paper, contract rights, documents, equipment, fixtures, general intangibles, goods, instruments, inventory, securities, deposit accounts, and investment property. The current balance of this line of credit is $38,893. Under the credit agreement, the Company was required to abide by certain covenants.

LONG-TERM DEBT

	Years Ended December 31, 2022	Years Ended December 31, 2021
Note payable to Fresno First Bank, variable interest rate 2.75% over Prime Rate, current rate is 6.00%, due in current monthly installments of principal and interest of $2,349.20, secured by inventory chattel paper, accounts receivable, equipment, general intangibles and fixtures. The loan matures November 24, 2024.	$ 53,225	$ 77,968
Note payable to Toyota Financial, due in monthly installments of $403.13, 0% interest, vehicle pledged as collateral. The loan matures July 29, 2023.	3,608	8,465
Note payable to Fresno First Bank, variable interest rate, current rate is 5.25%, due in monthly installments of principal and interest of$5,937.61, secured by Real Estate Documents. The loan matured September 5, 2022.	427,878	462,562
Note payable to U.S Small Business Administration, annual interest rate 3.75%, due in monthly installments of principal and interest of $731.00 starting on May 9, 2021, secured by inventory, chattel paper, accounts receivable, equipment, general intangibles and fixtures. The loan matures May 9, 2050.	150,000	150,000

LONG-TERM DEBT (continued)

	Years Ended December 31, 2022	Years Ended December 31, 2021
Note payable to Lexon Payment Systems, Inc, interest rate is 16.00%, payments due in monthly installments of $14,500 principal and interest, beginning January 1, 2023. The loan matures April 1, 2023. Unsecured.	$ 50,000	$
Note payable to Fresno First Bank, interest rate is 1.00%, payments deferred eight weeks after disbursement (deferral period) with first payment due in ten months after deferral period, payment due in monthly installments of principal and interest. The loan matures January 27, 2026. Unsecured. (Paycheck Protection Program loan.)		181,778
Note payable to Michael Cadillac, due in monthly installments of $784.68, including interest at 4.94%, vehicle pledged as collateral. The loan matured November 18, 2021.		944
	684,711	881,717
Less current portion	110,766	536,931
	$ 573.945	$ 344.786

Maturities of long-term debt for each of the next five years are as follows:

Year Ending	Aggregate Obligations
December 31, 2023	$ 110,766
December 31, 2024	59,964
December 31, 2025	36,512
December 31, 2026	39,899
December 31, 2027	43,640
Thereafter	393,930
	$ 684.711

LONG-TERM DEBT (continued)

The Company applied for and received Paycheck Protection Program ("PPP") loans under a new federal program designed to support small businesses during the novel coronavirus ("COVID-19") global health pandemic. The PPP loan program was part of The CARES Act, which was signed into law on March 27, 2020, and is being implemented by the SBA with cooperation from private banks. PPP loans may be fully or partially forgiven by application to the SBA if proceeds are expended based on federal guidelines. Management applied and was approved for a second PPP loan on January 27, 2021 for $181,778 to fund payroll and other allowable costs, while the Company responded to government restrictions on business operations and anticipated reduced revenues from the economic downturn associated with the pandemic. On June 29, 2022, the Company received full forgiveness of the second PPP loan amount, including accrued interest of $2,616.

LEASES-LESSEES (After the adoption of FASB ASC 842)

The Company leases its office in Fresno, California from its shareholder on a five-year operating lease (see note on Related Party Transactions). The Company leases a warehouse located at 3658 W. Gettysburg, Fresno, California on an operating lease with a two-year term and several automobiles on operating leases with three-year terms.

The following summarizes the line items in the balance sheet which include amounts for the operating leases as of December 31, 2022:

	Autos	Warehouse	(Related Party) Office	Total
Operating lease right-of-use assets	$ 45,257	$ 32,077	$ 292,124	$ 369,458
Less accumulated amortization	22,863	16,200	76,200	115,263
Total lease right-of-use asset	$ 22,324	$ 15,877	$ 215,22	$ 254,125
Current maturities on operating lease liabilities	$ 12,218	$ 15,877	$ 69,304	$ 97,399
Operating lease liabilities, net of current maturities	7,340	---	146,620	153,960
Total operating lease liability	$ 12,558	$ 15,877	$ 215,224	$ 251.352
Rent and lease expense	$ 23,572	$ 16,200	$ 76,200	$ 115,272

LEASES-LESSEES *(After* the adoption of FASB ASC 842) (continued)

The following summarizes the cash flow information related to the operating lease for the year ended December 31, 2022:

		Warehouse	(Related Party) Office	Total
Lease asset obtained in exchange for lease liability:				
Operating lease	$ 45,257	$ 32,077	$ 292.124	$ 369,458

Weighted average lease term and discount rates as of December 31, 2022 were as follows:

		Warehouse	(Related Party) Office
Weighted average remaining lease term-operating lease	1 - 2.69 years	2 years	4 years
Weighted average discount rate - operating lease	3.74%	3.74%	3.74%

The maturities of lease liability as of December 31, 2022 were as follows:

	Autos	Warehouse	(Related Party) Office	Total
December 31, 2023	$ 12,741	$ 16,200	$ 76,200	$ 105,141
December 31, 2024	8,494		76,200	84,694
December 31, 2025			76,200	76,200
December 31, 2026				
December 31, 2027				
Thereafter				
Total lease payments	21,235	16,200	228,600	266,035
Less interest	(1,159)	323	12,676	11,840
Present value of lease liability	$ 22,394	$ 15,877	$215,924	$ 254,195

CONTINGENCIES

Pending Litigations, Claims, and Assessments

The Company is a defendant in a lawsuit brought about by an individual claiming that the Company made defamatory statements about him that have caused him to suffer economic harm, professional and reputational harm, shame mortification and hurt feelings. The plaintiff is seeking general and special damages according to proof and punitive damages. The Company has filed a cross-complaint that the plaintiff breached his duty of loyalty to the Company by wrongfully taking and using company confidential information for his personal, professional, and economic benefit. The Company also contends that the plaintiff has published a series of false and defamatory statements to third persons which have caused the Company to suffer damages to its reputation and its ability to contract with new franchisees. The Company is seeking general and special damages according to proof and punitive damages. The parties are in the discovery phase of the lawsuit and have agreed to submit the dispute to mediation in the future.

Management and legal counsel are vigorously defending against all plaintiffs complaints and is vigorously prosecuting its cross-complaint. The likelihood of an unfavorable outcome and estimate of the amount or range of potential loss cannot be determined.

The Company filed a lawsuit seeking issuance of a temporary restraining order, a preliminary injunction and, ultimately, a permanent injunction, to enforce the obligations of a franchisee to 1) purchase and serve in his franchised restaurants bread from the Company's designated vendor for bread, 2) display in his restaurants the electronic menu boards required by the Company, and 3) remove signage from his restaurants that put the Company in a negative light and violates the Company's signage requirements. The Company obtained both a temporary restraining order and preliminary injunction. The franchisee file a cross-complaint in arbitration against the Company alleging the following causes of action against the Company's Breach of Written Contract; Fraud and Deceit; Negligent Misrepresentation; Breaches of the California Franchise Relations Act; Breaches of the California Franchise Investment Law; Rescission of Contracts; and Unfair Trade Practices (Business and Professions Code section 17200). The prayer for relief in the cross-complaint seeks, inter alia, rescission of the Company's franchise agreements, restitution and ancillary damages, or in the alternative, damages in excess of $500,000 or according to proof, punitive/exemplary damages according to proof and attorney's fees. The Company and franchisee have both subsequently submitted demands for arbitration to the American Arbitration Association.

Management and legal counsel have prosecuted its claims for damages and defended the cross-claims. The likelihood of an unfavorable outcome and estimate of the amount or range of potential loss cannot be determined.

RELATED PARTY TRANSACTIONS

Sales and Purchases

The Company has routine business transactions with franchisees that are considered related parties. The Company has conducted the following routine business transactions with the related parties:

	Years Ended	
	December 31, 2022	December 31, 2021
Franchise royalties	$ 191,377	$ 94,186
Advertising income	75,463	6,847
Other income	43	381

Accounts receivable-related parties as of December 31, 2022 and December 31, 2021 was $315,113 and $334,838, respectively.

Accounts payable-related parties as of December 31, 2022 and December 31, 2021 was $-0- and $-0-, respectively.

Office Lease (After the Adoption of FASB ASC 842)

The Company leases its office in Fresno, California from the sole shareholder on a five-year operating lease, commencing on November 24, 2015. The Company has the option to renew the lease two times, each for an additional five years. The lease calls for monthly payments of $6,350, with a 3% increase each year, if exercised.

RELATED PARTY TRANSACTIONS (continued)

Office Lease (After the Adoption ofFASB ASC 842) (continued)

The following summarizes the line items in the balance sheet which include amounts for the operating lease as of December 31, 2022:

		Operating Lease
Operating lease right-of-use assets	$	292,124
Less accumulated amortization		76,200
Total lease right-of-use asset	$	215,924
Current maturities on operating lease liabilities	$	69,304
Operating lease liabilities, net of current maturities		146,620
Total operating lease liability	$	215,224

The components of operating lease expenses that are included in "General and administrative expenses" in the statement of income and retained earnings for the year ended December 31, 2022 were as follows:

Rent expense	$	76,200

The following summarizes the cash flow information related to the operating lease for the year ended December 31, 2022:

Lease asset obtained in exchange for lease liability:		
Operating lease	$	292,124

Weighted average lease term and discount rate as of December 31, 2022 were as follows:

Weighted average remaining lease term - operating lease	4 years
Weighted average discount rate - operating lease	3.74%

RELATED PARTY TRANSACTIONS (continued)

Office Lease (After the Adoption of FASB ASC 842) (continued)

The maturities of lease liability as of December 31, 2022 were as follows:

Year	Operating Lease
2023	$ 76,200
2024	76,200
2025	76,200
2026	
2027	
Thereafter	
Total lease payments	228,600
Less interest	12.676
Present value of lease liability	$ 215,924

Note Receivable

The Company has a note receivable due from the shareholder in the amount of $50,402 and $74,285 at December 31, 2022 and 2021, respectively (see notes on Notes Receivable).

FRANCHISING

Disaggregation of Revenue

The Company offers franchises to operate deli restaurants throughout the state of California. The majority of its franchised stores are located in central California. The Company is dependent on the restaurant industry and its ability to collect payments due from its franchisees. In general, the Company's franchise agreements provide for the payment of a franchise fee for each opened franchised location. Franchisees pay royalty fees of 6% of gross revenues. The Company collects advertising fees for ongoing regional media, which are based on 2% of weekly gross revenues. Franchisees may generally renew their agreement upon expiration subject to approval and payment of their renewal fees. Invoices are due either upon receipt or 30 days after the invoice date. There are no special arrangements or discounts given for early payments. All invoices are billed and payments collected via an electronic third-patty website so that payments are assured.

FRANCHISING (continued)

Performance Obligations

Initial franchise fees of $25,000 for an express model or $30,000 for a standard model are generally recognized when substantially all services or conditions relating to the franchise sale have been performed or satisfied by the Company. Services provided by the Company include assistance in site selection, franchisee and operator training, and implementation of an accounting and quality control system.

Royalty fees (franchise royalties) are billed to franchisees on a monthly basis and generally recognized at the time of billing. The Company accesses an electronic platform on a weekly basis to retrieve gross sales amount for that one week for each franchised restaurant and calculates and bills the franchisees 6% of gross sales for royalty fees.

Advertising fees (advertising income) are billed to franchisees on a monthly basis based on 2% of that week's gross revenue and are generally recognized at the time of billing. The Company promotes the sales of sandwiches via marketing, local, regional, national, or international advertising, public relations, promotions, surveys, test marketing, research and development, administration (including the Company's salaries, accounting, collection, legal, and other costs), related expenses, and any media costs.

Renewal fees are billed to franchisees when a franchisee renews its contact upon expiration but subject to management's approval and payment of the renewal fees. The Company generally recognizes renewal fees as income when a renewal agreement becomes effective.

Franchise revenue consists of the following:

	Years Ended	
	December 31, 2022	December 31, 2021
Franchise royalties	$ 1,431,770	$ 1,434,088
Advertising income	485,961	541,633
Franchise fees	7,500	
Total franchise revenue	$ 1,225,231	$ 12215 721

As territory is assigned to each franchisee sold, the Company may reach the point where existing markets become saturated and initial franchising revenue declines. Unless new markets are entered into, franchise revenues after market saturation will come primarily from continuing and renewal fees for existing franchises. In 2022 and 2021, there were no territories granted. In 2022, two franchises were opened, one franchise was closed, and 45 franchises were in operation.

FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB ASC 820, *Fair Value Measurement,* defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability of an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value shall be calculated based on assumptions that the market participants would use in pricing the asset or liability, not on assumptions specific to the Company.

FASB ASC 820 specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). In accordance with FASB ASC 820, the following summarizes the fair value hierarchy:

- Level 1 Inputs - Unadjusted quoted market prices for identical assets and liabilities in an active market that the Company has the ability to access.
- Level 2 Inputs - Inputs, other than quoted prices in level 1, that are observable either directly or indirectly.
- Level 3 Inputs - Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

As of December 31, 2022, none of the assets and liabilities were required to be reported at fair value on a recurring basis. Carrying values of non-derivative financial instruments, including cash, receivables, advances, prepaids, payables, accrued expenses, and loans payable approximate fair values due to the short-term nature of these financial instruments.

NOTE A - RESTATEMENT OF PRIOR YEARS

Under the provisions of the Coronavirus Aid Relief, and Economic Security Act (the "CARES Act") signed into law on March 27, 2020 and the subsequent extension of the CARES Act, the Company was eligible for a refundable employee retention credit subject to certain criteria. The Company recognized $122,564 and $65,598 in employee retention credits during the years ended December 31, 2021 and 2020, respectively. The amounts were included in Employee Retention Credit - Other Income in the respective years. The credits were applied to the unpaid employment taxes for the quarters ending March 31, 2020, June 30, 2020, September 30, 2020, and December 31, 2020. Penalties related to the delinquent employment taxes were reduced by the Internal Revenue Service. The Penalty expense in 2021 was reduced by $12,622.

NOTE A - RESTATEMENT OF PRIOR YEARS (continued)

Reclassifications of prior year financial statements resulted in the following for the fiscal year ended December 31, 2021.

	Year Ended December 31, 2021
Decrease in Payroll taxes payable	$ 200,784
Increase in Accumulated deficit, beginning of year	65,598
Decrease in Penalties	12,622
Increase in Other income - employee retention credit	122,564

SUPPLEMENTARY INFORMATION

DELI DELICIOUS FRANCHISING, INC.

SCHEDULE I

GENERAL AND ADMINISTRATIVE EXPENSES

GENERAL AND ADMINISTRATIVE EXPENSES:	Years Ended December 31, 2022	2021
Advertising and promotion	$ 261,044	$ 263,465
Automobile expense	5,948	5,494
Bank service charges	4,766	3,794
Computer and internet expenses	20,629	24,998
Continuing education	160	40
Gifts	414	2,197
Insurance - officer life	2,212	2,040
Insurance expense	30,868	35,541
Janitorial	2,600	2,600
Lease expense	23,579	13,930
Meals and entertainment	19,299	15,247
Miscellaneous	150	1,817
Office supplies	8,705	4,692
Operations expense	785	567
Officers salaries	332,057	300,968
Wages and salaies	643,184	557,523
Payroll taxes	77,410	72,708
Penalties	2,651	61,717
Postage and freight	1,283	687
Professional fees	456,527	32,136
Rent expense	92,400	92,400
Repairs and maintenance	3,257	8,123
Taxes and licenses	10,001	9,963
Telephone expense	17,298	16,259
Travel expense	6,975	8,866
Outside services	32,502	7,769
Political contributions	3,200	1,000
Security	447	374
Utilities	9,741	6,034
Bad debt	61,386	6I,681
Charitable contributions	1,200	1,200
Marketing expense	(3,521)	5,995
Dues and subscriptions	110	
	$ 2,129,267	$ 1,621,825

Exhibit B

FRANCHISE AGREEMENT

Deli Delicious Franchising, Inc.

DELI DELICIOUS FRANCHISING, INC.
FRANCHISE AGREEMENT

TABLE OF CONTENTS

DELI DELICIOUS FRANCHISING, INC.

FRANCHISE AGREEMENT

This agreement (the "Agreement") is made and entered into by and between Deli Delicious Franchising, Inc. , a California corporation having its principal place of business at 2495 West Shaw Ave., Fresno, CA 93711("Franchisor") and _______________with a principal address at __________________("Franchisee") on the date this Agreement is executed by Franchisor below (the "Effective Date").

BACKGROUND

A. Franchisor and/or its equity owners, parent, predecessor or affiliate, through the expenditure of considerable money, time and effort, have developed a system (the "Deli Delicious System" or "System") for the establishment, development and operation of Deli Delicious restaurants (each a "Deli Delicious Restaurant"). The System includes Franchisor's Proprietary Marks; IT platforms; recognized designs, decor and color schemes; distinctive specifications for furniture, fixtures, equipment, and wall, ceiling and display designs; know-how; training techniques; trade secrets; uniform specifications of products and services; menu items; proprietary products; recipes and ingredients; procedures for sanitation, food preparation techniques and storage; sales techniques and merchandising, marketing; advertising; inventory management systems; quality control procedures; and procedures for operation and management of System businesses pursuant to the Confidential Operations Manual provided by Franchisor and modified from time to time and other standards and specifications Franchisor otherwise provides.

B. The Deli Delicious System is identified by various trade names, trademarks and service marks used by Franchisor and its franchisees including, without limitation, the trademark "Deli Delicious®" and other identifying marks and symbols that Franchisor uses now or may later use as part of the Deli Delicious System (the "Proprietary Marks"). The rights to all the Proprietary Marks shall be owned exclusively by Franchisor, its equity owners, parent, predecessor or its affiliate. Franchisor intends to further develop and use the Proprietary Marks to identify to the public Franchisor's standards of quality and the services marketed under the Proprietary Marks.

C. Franchisor is engaged in the business of granting franchises to qualified individuals and business entities to use the System to operate a Deli Delicious restaurant. Franchisor offer franchises for restaurants either in the form of a small restaurant ("Express Model") or a standard restaurant ("Standard Model") that are devoted to the preparation and sale of fresh, high quality deli sandwiches.

D. Franchisee has applied to Franchisor for a franchise to operate a Deli Delicious Restaurant using the System and Proprietary Marks and to receive the training, confidential information and other assistance Franchisor provides. Franchisor has approved Franchisee's application in reliance upon all of the representations made in the application.

E. By executing this Agreement, Franchisee acknowledges the importance of Franchisor's quality and service standards and agrees to operate Franchisee's business in accordance with those standards. Franchisee also acknowledges that adhering to the terms of this Agreement and implementing the System as Franchisor directs are essential to the operation of Franchisee's business, to the System, and to all Franchisor's franchisees.

In consideration of the mutual promises and commitments contained in this Agreement, together with other valuable consideration, the receipt and sufficiency of which is acknowledged, Franchisor and Franchisee agree as follows:

1. GRANT OF FRANCHISE

1.1. **Grant and Acceptance**. Franchisor grants to Franchisee, and Franchisee accepts, all subject to the terms of this Agreement, a franchise to establish and operate one Deli Delicious Restaurant using the Deli Delicious System and the Proprietary Marks pursuant to this Agreement (the “Franchised Business” or the “Restaurant”). Franchisee shall use the Proprietary Marks, participate in the promotional, advertising and educational programs that are made available to Franchisee, and have access to certain proprietary trade secrets, marketing expertise and business expertise of Franchisor, as they may be modified from time to time, in connection with the Franchised Business.

1.2. **Territory**. Franchisee shall establish and operate the Franchised Business within the Territory identified in Exhibit 1 to this Agreement (the "Territory"). Provided Franchisee complies with the terms of this Agreement, Franchisor shall not own, operate, franchise or license any other Deli Delicious Restaurants within the Territory, except Franchisor reserves the right to do so in other channels of distribution and at Special Sites as described in Section 1.3. Although no other traditional Deli Delicious Restaurants will be physically located within Franchisee’s Territory, Franchisee’s Territory may overlap with those of other franchisees or affiliate-owned locations. Franchisor and/or Franchisor’s affiliates, retain all other rights, including without limitation, the unrestricted rights (i) in connection with a merger or acquisition, to own, operate, franchise or license, both within and outside the Territory, businesses operating under names other than the Proprietary Marks regardless of whether or not these other concepts offer products and services which are similar to or compete with those offered by the Franchised Business and regardless of location, and the right to convert those locations to Deli Delicious Restaurants, (ii) the right to be acquired by (or merge or become affiliated with) any other business operating under names other than the Proprietary Marks, including a competing business with locations anywhere which may result in the required conversion of a Franchised Business; (iii) to distribute products and services as described in Section 1.3, both within and outside the Territory; (iv) to use, and to license others to use, the System for the operation and licensing of other Deli Delicious Restaurants at any locations outside of the Territory; and (v) the right to own, operate, franchise or license, both within and outside the Territory, Restaurants, cafes and food distributors or retailers or any other business operating under names other than the Proprietary Marks, regardless of whether or not these other concepts offer products and services which are similar to or competitive with those offered by the Franchised Business. Franchisee is not permitted to conduct any off-site services without Franchisor’s prior written consent.

1.3. **Special Sites and Other Channels of Distribution**. Franchisor and Franchisor’s, parent, predecessor and affiliate, reserve the unrestricted right to offer products and services (which may include, but are not limited to, branded and non-branded products, food, and videos), whether now existing or developed in the future, identified by the Proprietary Marks or other marks Franchisor and/or Franchisor’s parent, predecessor and/or affiliate, own or license, through any distribution method they may establish other than a traditional Deli Delicious restaurant location, and may franchise or license others to do so, both within and outside the Territory, regardless of whether the offering of products or services in the other channels of distribution compete with the Franchised Business. Such other channels of distribution include, but are not limited to, sales of products or services via retail establishments, mail order, catalog, via the internet, or any similar outlets or distribution methods. Additionally, Franchisor reserves the right to establish and operate Deli Delicious Restaurants and/or offer products and services at “Special Site”, whether now existing or developed in the future, both within and outside the Territory (which Special Sites include but are not limited to: club stores, specialty stores, grocery stores, supermarkets, special events centers, parks, stadiums, arenas, museums, art centers, military bases, airports, other public transportation facilities, government offices or institutions, department stores, shopping malls, health care facilities and other institutional food service facilities, hotels and motels, toll road or highway rest stops, colleges, universities, food concession stands, theaters, theme parks, amusement centers, truck stops, beaches, boardwalks and casinos, temporary events, and retail restaurant locations being sublet under a lease to a master concessionaire, provided however, Special Sites shall not include convenience stores. This Agreement does not grant Franchisee any rights to distribute products through other channels of distribution or at Special Sites as described in this Section 1.3, and Franchisee has no right to share, nor does Franchisee expect to share, in any of the proceeds Franchisor and/or Franchisor's parent, predecessor, affiliate, or other franchisees or licensees or any other party receives in connection with the alternate channels of distribution or Special Sites. Franchisor and/or its affiliates will fulfill all orders placed through the retail portion of the Website and Franchisee will not be entitled to any portion of the profits received from this, even if the customer's order is generated from or delivered in Franchisee's Territory, unless Franchisor determines otherwise, in its sole discretion. Franchisee may not engage in the wholesale or distribution of any product.

2. TERM AND RENEWAL

2.1. **Term.** This Agreement grants rights to Franchisee for a period of 10 years and is effective when signed by Franchisor.

2.2. **Renewal.** Franchisee shall have the right to renew this Agreement for one period of 10 years if the following conditions have been met:

2.2.1. Franchisee has given Franchisor written notice of its election to renew the franchise not less than 6 months nor more than 13 months prior to the expiration of the current term;

2.2.2. Franchisee owns or has the right under a lease to occupy the premises of the Franchised Business for an additional 10 years and has presented evidence to Franchisor that Franchisee has the right to remain in possession of the premises of the Franchised Business for the duration of the renewal term; or, in the event Franchisee is unable to maintain possession of the premises of the Franchised Business, Franchisee has secured substitute premises accepted by Franchisor by the expiration date of this Agreement, and the terms of any such lease are acceptable to Franchisor;

2.2.3. Franchisee has completed, no later than 30 days prior to the expiration of the then-current term and to Franchisor's satisfaction, all maintenance, refurbishing, renovating and remodeling of the premises of the Franchised Business and all of the equipment, fixtures, furnishings, interior and exterior signs as Franchisor shall require so that the premises reflect the then-current image of a Deli Delicious Restaurant.

2.2.4. Franchisee is not in default of any provision of this Agreement or any other related agreement between Franchisee and Franchisor or its parent, predecessor and/or affiliate, either at the time Franchisee gives notice of its intent to renew or at any time through the last day of the then current term, and Franchisee has substantially complied with all of these agreements during their respective terms;

2.2.5. Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor and/or its parent, predecessor and affiliate or otherwise pursuant to the Franchise Agreement;

2.2.6. Franchisee has executed, at the time of such renewal, Franchisor's then-current form of franchise agreement and renewal addendum, the terms of which may vary materially from the terms of this Agreement and may include, without limitation, higher royalty and advertising fees. The renewal franchise agreement, when executed, shall supersede this Agreement in all respects;

2.2.7. Franchisee, at its expense, has satisfied Franchisor's then-current training requirements for new franchisees as of the date of the renewal;

2.2.8. Franchisee has paid a renewal fee to Franchisor equal to 50% of the then-current Initial Franchise Fee for a Standard or Express (as applicable) restaurant; and

2.2.9. Franchisee has executed a release of any and all claims against Franchisor and its parent, predecessor and affiliate, and their shareholders, members, officers, directors, agents, employees, attorneys and accountants arising out of or related to this Agreement or any related agreement. The release shall contain language and be of the form chosen by Franchisor, except the release shall not release any liability specifically provided for by any applicable state statute regulating franchising. Franchisor's current form of release is attached to the Franchise Agreement as Exhibit 6.

2.2.10. As part of the process of renewing this Agreement, Franchisor reserves the right to re-evaluate the then-existing Territory according to certain demographics and Franchisor's then-current standards. A re-evaluation of the Territory may result in the renewal Territory being smaller or larger than the original Territory.

3. LOCATION

3.1. **Accepted Location.** Franchisee is granted a non-exclusive franchise, which permits the operation of a single Deli Delicious Restaurant within the Territory at the location identified in Exhibit 1 to this Agreement (the "Accepted Location"). If the Accepted Location is not identified in Exhibit 1 when the parties execute this Agreement, Franchisee shall find a location and submit it to Franchisor for approval as required in Section 3.2. Franchisee shall not operate another business at the Accepted Location nor rent the Accepted Location to others. All events held at the Accepted Location must be affiliated with the Franchised Business. Franchisee is unrestricted as to the geographic area from which it may obtain business as a System franchisee; however, Franchisee may not make any sales from a location, other than the Accepted Location, without the Franchisor's prior written permission nor may Franchisee directly solicit business from outside the Territory. Franchisee shall not conduct any mail order, catalog or Internet business without the express approval of the Franchisor. Franchisee shall be permitted to provide delivery and catering services in connection with its Restaurant under the terms and conditions outlined in the Operations Manual or otherwise, unless otherwise prohibited by Franchisor.

3.2. **Site Search; Purchase or Lease of Premises**. If the Accepted Location is not identified on Exhibit 1 when this Agreement is executed, then Franchisee is responsible for locating a site within the geographic site selection area described on Exhibit 1 (the "Search Area"). The Search Area is delineated for the sole purpose of site selection and does not provide any territorial exclusivity or protection. Franchisee must find a location in the Search Area and submit it to Franchisor for approval as required in this Agreement. Franchisee shall use its best efforts to find a suitable location subject to Franchisor's procedures and guidelines. Franchisor must grant written authorization before Franchisee may proceed with any proposed location. Franchisor's recommendation or approval of any site only indicates that Franchisor believes that the site meets Franchisor's then acceptable criteria that have been established for Franchisor's own purposes. Criteria that have appeared effective with other sites and other locations might not accurately reflect the potential for all sites and locations. Franchisor is not responsible if a site and location fails to meet Franchisee's expectations. Franchisee acknowledges and agrees that its acceptance of the selection of the Accepted Location is based on Franchisee's own independent investigation of the site's suitability for the Franchised Business.

If the Accepted Location is not designated in Exhibit 1 at the time of execution of this Agreement, Franchisee must complete all steps to acquire a suitable location within 6 months after the date of execution of this Agreement. Within the 6 months period, Franchisee must: (i) find a suitable site, meeting Franchisor's specifications; (ii) submit a request for approval of the proposed site; and (iii) deliver all information and copies of proposed agreements to Franchisor. Upon receiving Franchisor's written approval for a site Franchisee must promptly enter into a lease or sublease for the site, meeting Franchisor's requirements, including the requirements listed in Section 3.3, or enter into an agreement to purchase the site. If Franchisee or its equity owner or affiliate purchases or owns the Accepted Location, Franchisee (or its equity owner or affiliate) shall grant Franchisor an option to purchase or lease the site upon termination or expiration of this Agreement at the fair market value or fair market rent.

Franchisee shall provide Franchisor with any information Franchisor requests and a copy of the proposed lease or purchase agreement in connection with Franchisor's review. In order for Franchisor to accept any designation of the Accepted Location in Exhibit 1 at the time of execution of this Agreement, Franchisee must have supplied Franchisor with all required information and copies of proposed agreements prior to the execution of this Agreement. Franchisee shall not sign any lease or purchase agreement for the Accepted Location until this Agreement is fully executed by both parties and Franchisor has granted approval of the agreement in writing.

3.3. **Lease or Purchase**.

3.3.1. Any lease for the proposed location must contain certain provisions, including (i) a limitation that the premises shall be used only for a Deli Delicious Restaurant; (ii) a prohibition against assignment or subletting by Franchisee without Franchisor's prior written approval; (iii) permission for Franchisor to enter the premises and make changes to protect the Proprietary Marks; (iv) concurrent written notice to Franchisor of any default and the right (but not the obligation) for Franchisor to cure such default; (v) the right, at Franchisor's election, to receive an assignment of the lease upon the termination or expiration of the Franchise Agreement; and (vi) a prohibition against the lease being modified without Franchisor's prior written consent. In addition, prior to execution of the lease, Franchisor and Franchisee shall execute the Collateral Assignment of Lease which grants Franchisor the right but not the obligation to assume the lease upon Franchisee's default under the lease or this Agreement. Upon execution of the lease, Franchisor and lessor shall execute the Consent and Agreement of Lessor. The Collateral Assignment of Lease and Consent and Agreement of Lessor shall be in the forms attached as Exhibit 4 to this Agreement. Franchisee shall deliver an executed copy of the lease to Franchisor within 15 days after the execution of the lease.

3.3.2 Franchisor's review of the lease or purchase agreement for the Accepted Location does not constitute Franchisor's opinion regarding the terms of the lease, purchase agreement or the viability of the location. Acceptance by the Franchisor of the lease or purchase agreement shall simply mean that the terms contained in the lease or purchase agreement, including general business terms, are acceptable to Franchisor. Franchisee acknowledges that it is not relying on Franchisor's lease or purchase agreement negotiations, lease or purchase agreement review or approval, or site approval and acknowledges that any involvement by Franchisor in lease negotiations is for the sole benefit of Franchisor. Franchisee acknowledges and understands that it has been advised to obtain its own competent counsel to review the lease or purchase agreement before Franchisee signs any lease or purchase agreement.

3.3.3 If Franchisee does not agree with any lease provisions that Franchisor has accepted or negotiated, Franchisee may elect not to sign the lease, but Franchisee is required to find another suitable site for the Accepted Location. If Franchisee rejects a site Franchisor approves because Franchisee does not agree with the lease provisions that Franchisor or its representatives have negotiated, Franchisor may permit another franchisee to enter into a lease for such site, whether on the terms Franchisee rejected, or other terms.

3.4. **Relocation**. In the event the lease term is shorter than the term of this Agreement and the lease cannot be renewed or extended, or Franchisee cannot continue to occupy the Accepted Location, Franchisee shall relocate the Franchised Business to a site mutually acceptable to Franchisee and Franchisor in accordance with Franchisor's specifications and subject to Section 3.2 and Section 3.3, in order to complete the balance of the term of this Agreement. Franchisee shall give Franchisor notice of Franchisee's intent to relocate, pay the then-current relocation fee and must complete all steps to either enter into a lease or sublease or an agreement to purchase the site within 60 days after closing the Franchised Business at the original location. Franchisee must open the Franchised Business for business at the new location within 180 days of closing the original location. If Franchisee fails to comply with the terms of this Section 3.4, Franchisor may terminate this Agreement.

4. **FEES AND COSTS**

4.1. **Initial Franchise Fee**. Franchisee shall pay Franchisor an initial franchise fee for the right to establish a single Deli Delicious Restaurant in the amount of $25,000 for an Express Model and $30,000 for a Standard Model in cash, wire transfer or by certified check, at Franchisor's option, at the time of execution of this Agreement. If this Agreement relates to a purchase beyond Franchisee's first location, the initial franchisee fee shall be reduced to 50% of the initial franchise fee for an Express Model if the location will be for an Express Model and 50% of the initial franchise fee for a Standard Model if the location will be a Standard Model. The initial franchise fee is fully earned and is not refundable under any circumstances.

4.2. **Royalty Fee**.

4.2.1. **Royalty; Gross Revenues**. Franchisee shall pay to Franchisor a royalty fee equal to 6% of all weekly "Gross Revenues" of the Franchised Business. Franchisor may increase this royalty on an annual basis by a percentage up to the increase in the U.S. Consumer Price Index chosen by Franchisor within the general vicinity of the Franchisee location and such increase will not be more than a 3.5% increase over the term of the Franchise Agreement (i.e. a maximum of 9.5%). Royalty fees are due beginning when the Franchised Business begins to generate revenue and are currently payable on Monday each week for the revenue generated the previous week ending on Sunday. "Gross Revenues" means the total selling price of all services and products and all income of every other kind and nature related to the Franchised Business, whether for cash or credit and regardless of collection in the case of credit. Gross Revenue also includes fair market value for any product or service Franchisee receives in barter or exchange for products or services and all insurance proceeds that Franchisee receives for the loss of the Restaurant due to a casualty to or similar event at the Restaurant. The entire amount of the sale generated from service providers such Uber Eats, Door Dash and similar companies is reportable as Gross Revenue. Gross Revenues expressly excludes taxes collected from customers and paid to the appropriate taxing authority and customer refunds or adjustments. Gift cards or similar program payments are currently included in Gross Revenues when the gift card or applicable credit is redeemed however Franchisor reserves the right to change this in the future.

4.2.2. **Payment; Reporting**. The Royalty Fee shall be paid by Franchisee via electronic fund transfer on the days outlined in section 4.2.1 or another day (or at another frequency) Franchisor specifies. Franchisee must provide weekly summaries of sales and services rendered during the preceding week, (hereinafter, “Report”), which Report shall accurately reflect all monies received or accrued, sales or other services performed during the relevant period and such other additional information as may be required by Franchisor as it deems necessary in its sole discretion to properly evaluate the progress of Franchisee. Franchisee shall provide the Report in the manner that Franchisor specifies no later than the day following the close of the reporting week, or at such time that Franchisor specifies. If Franchisee fails to submit any Report on a timely basis, Franchisor may withdraw from Franchisee’s operating account 120% of the last Royalty Fee debited. Any overpayments from the withdrawn amount shall be forwarded to Franchisee or credited to Franchisee’s account once reconciled; Franchisee shall pay any underpayments, with interest. Any payment Franchisee makes may be applied by Franchisor, at Franchisor’s option, to any of Franchisee’s past due indebtedness regardless of Franchisee’s written or orally expressed intention.

4.2.3. **Single Operating Account; EFT**. Franchisee shall make suitable arrangements for on time delivery of payments due to or collected by Franchisor under this Agreement. Franchisee shall designate one account at a commercial bank of its choice (the “Account”) for the payment of continuing periodic royalty, advertising contributions to the Fund (defined in Section 4.3.3.1) and any other amounts due Franchisor in connection with this Agreement and the Franchised Business. Franchisor shall have “view-only” access. In addition, Franchisee shall furnish the bank with authorizations necessary to permit Franchisor to make withdrawals from the Account by electronic funds transfer (a copy of a form acceptable to Franchisor is currently attached as Exhibit 11). Franchisee shall bear any expense associated with these authorizations and electronic funds transfers. Franchisee shall pay Franchisor its actual cost incurred for bank charges, plus Franchisor’s then-current administrative fee in Franchisor’s sole discretion if the electronic funds transfer attempt is unsuccessful in whole or in part, or rejected, or if Franchisee closes the operating account, or any check or other means of payment used is returned not paid.

4.3. **Advertising.** Franchisee agrees to actively promote the Franchised Business and to abide by all of Franchisor's advertising requirements. Franchisee shall comply with each of its advertising obligations provided in this Agreement notwithstanding the payment by other Deli Delicious System franchisees of greater or lesser advertising obligations or default of these obligations by any other franchisees. Franchisee may not take part in any sales from a location other than the premises of the Franchised Business and may not actively market outside Franchisee’s Territory without Franchisor’s permission, which may be contingent upon Franchisee’s agreement to provide other System franchisees whose businesses are located within the circulation area of the proposed advertising the opportunity to contribute to and to participate in the advertising. With regard to advertising generally for the Franchised Business, Franchisee shall place or display at the Franchised Business premises (interior and exterior) only such signs, emblems, lettering, logos and display and advertising materials as Franchisor approves in writing from time to time. No outside solicitations are permitted. All advertising, marketing and promotion by Franchisee of any type shall be conducted in a dignified manner, shall coordinate and be consistent with Franchisor’s marketing plans and strategies and shall conform to the standards and requirements Franchisor prescribes. If Franchisor determines at any point that any advertising materials no longer conform to System requirements, Franchisor shall provide Franchisee with notice of the same, at which point Franchisee shall promptly discontinue such use. Except as may otherwise be accepted in writing by Franchisor, Franchisee shall not use any advertising or promotional materials which Franchisor has not accepted in writing. All materials must be accepted by Franchisor before being ordered and Franchisor will retain exclusive rights to any and all materials requested to be produced by franchisees and has the right, without payment of any kind, to make these materials available for use by Franchisor and all other franchisees. Franchisee will have no rights in the materials other than Franchisor's permission for use them.

4.3.1. **Grand Opening Marketing.** Beginning after the Restaurant's soft opening and for a period of approximately 60 days post opening of the Franchised Business (unless a different timeframe is designated by Franchisor), Franchisee shall expend at least $3,000 on grand opening advertising and promotion in and/or for Franchisee's Territory for an Express Model restaurant and $6,000 for a Standard Model restaurant. Franchisor shall make such expenditure in accordance with Franchisor's written requirements and specifications. Franchisor must approve of the grand opening marketing campaign before it is conducted. Franchisee shall keep detailed records of all expenditures and provide these records to Franchisor within 15 days if Franchisor requests them.

4.3.2. **Minimum Promotional Expenditure; Local Advertising and Marketing**. Franchisee must conduct paid local advertising and marketing in the Territory and must spend at least 1% of monthly Gross Revenue on such local advertising and marketing (the "Minimum Promotional Expenditure"). Franchisor reserves the right to adjust this amount, as needed, upon 30 days advanced written notice. Franchisee must report quarterly advertising and marketing expenditures to Franchisor by the 10th day after the end of each quarter, or at times, on forms, and in a manner Franchisor determines. Franchisor must approve all promotional materials before use. Franchisee must not advertise or use the Proprietary Marks in any fashion on the Internet, World Wide Web or via other means of advertising through telecommunication without Franchisor's express written consent. Franchisee must provide any proposed promotional materials to Franchisor at least 30 days before placement deadline. Franchisor is not contractually obligated to accept or reject any materials submitted within the 30 days, but will attempt to do so. Franchisee may not use the materials unless Franchisor gives approval in writing. Any materials submitted for review will become Franchisor's property, and there will be no restriction on Franchisor's use or distribution of these materials. Franchisee may be required to include certain language and/or contact information for the Franchisor in its advertisements. The Minimum Promotional Expenditure is in addition to amounts owed to the Fund or to any Cooperative.

4.3.3. **Brand Development Fund**.

4.3.3.1 Franchisor has the right to establish, administer and control the Brand Development Fund (the "Fund"). Franchisee agrees to contribute to the Fund in an amount of up to 3.5% (currently 2.5 %) of Franchisee's Gross Revenues weekly via electronic fund transfer or as otherwise directed by Franchisor, currently required to be paid on Monday each week, beginning when the Franchised Business begins making sales. Franchisor reserves the right to change the pay day or frequency. Franchisor can increase the brand development fund payment to a maximum of 3.5% upon 30 days' notice to Franchisee. Franchisee agrees to expend and/or contribute all advertising fees required under this Agreement notwithstanding the actual amount of contribution by other franchisees of Franchisor, or of default of this obligation by any other franchisees. Franchisor may maintain contributions to the Fund in a separate bank account or hold them in Franchisor's general account and account for them separately. Franchisor may establish separate entities to administer the Fund and the Fund contributions. Franchisor intends the Fund to be of perpetual duration, but Franchisor maintains the right to terminate the Fund or to create new Fund accounts or merge accounts. Franchisor shall not terminate the Fund until all money in the Fund has been expended for advertising and/or marketing purposes or returned to contributors on the basis of their respective contributions. The money contributed to the Fund shall not be considered to be trust funds. Franchisor and any designee shall not have to maintain the money in the Fund in interest bearing accounts or obtain any level of interest on the money and Franchisor does not owe any fiduciary obligation for administering the Fund.

4.3.3.2 Franchisor has the right to use Fund contributions, at its discretion, to meet any and all costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations, and/or promotional programs and materials, either in house or via a third party, and any other activities which Franchisor believes will enhance the image of the Deli Delicious System, including the costs of preparing and conducting radio, television, electronic and print advertising campaigns in any local, regional or national medium; utilizing networking and social media sites, such as Facebook, Twitter, LinkedIn, YouTube, Instagram Pinterest and on-line blogs and forums; creating and/or maintaining a presence in virtual worlds; developing, maintaining, and updating a World Wide Web or Internet site for System Franchised Business; direct mail advertising; deploying social networking promotional initiatives through online media channels; marketing surveys; employing advertising and/or public relations agencies to provide assistance; purchasing promotional items; conducting and administering in-store promotions and "mystery shopper" program(s) which may include call recording; implementation and use of Client Relationship Management software and solutions; and providing promotional and other marketing materials and services to the businesses operating under the System. Franchisor is not required to spend any amount of Fund contributions in the area in which the Franchised Business is located. Franchisor's decisions in all aspects related to the Fund shall be final and binding. Franchisor may charge the Fund for the costs and overhead, if any, Franchisor incurs in activities reasonably related to the creation, implementation and administration of the Fund and the advertising and marketing programs for franchisees. These costs and overhead include the proportionate compensation of Franchisor's employees who devote time and render services in the conduct, formulation, development and production of advertising, marketing and promotion programs or who administer the Fund. At Franchisee's written request, Franchisor shall provide unaudited fiscal year end accounting for the applicable Fund expenditures when available. Franchisee may have to purchase advertising materials produced by the Fund, by Franchisor or by its parent, predecessor or affiliate, and Franchisor, or its parent, predecessor or affiliate, may make a profit on the sale. The Fund may spend more or less than the total annual Fund contributions in a given fiscal year and may borrow funds to cover deficits. Fund contributions not spent in the fiscal year in which they accrue, will be carried over for use during the next fiscal year. Locations owned by Franchisor's affiliates will also contribute to the Fund.

4.3.3.3 The advertising and promotion Franchisor conducts is intended to maximize general public recognition and patronage of System businesses and the Deli Delicious brand in the manner that Franchisor determines to be most effective. Franchisor will benefit from contacts by new franchisee candidates through its Website, and its franchise opportunity information and application pages will be present within the site, however, Franchisor does not otherwise anticipate that any part of contributions to the Fund will be used for advertising that is principally a solicitation for the sale of additional franchises. Franchisor reserves the right to include a message or statement in any advertisement indicating that franchises are available for purchase and related information. Franchisor is not obligated to ensure that the expenditures from the Fund are proportionate or equivalent to Franchisee's contributions or that the Franchised Business or any Deli Delicious Restaurant shall benefit directly or pro rata or in any amount from the placement of advertising.

4.3.3.4 From time to time, Franchisor may, in its sole discretion, establish special promotional campaigns applicable to the Deli Delicious System franchisees as a whole or to specific advertising market areas. If Franchisee participates, or is required to participate, in any special promotional programs, Franchisee shall be required to pay for the development, purchase, lease, installation and/or erection of all materials necessary to such promotional campaigns, including but not limited to posters, banners, signs, photography or give-away items. Franchisee may not offer any special promotional programs without Franchisor's prior written consent. Additionally, Franchisee shall be required to offer any and all discounts mandated by Franchisor to customers designated by Franchisor to receive same and comply with the requirements of any gift card, gift certificate, customer loyalty or retention, or special promotional program that Franchisor implements for all or part of the System and shall sign the forms and take the other action that Franchisor requires for Franchisee to participate in such programs. Franchisee must honor all gift cards presented regardless of where or how the gift card was originally purchased. Franchisee may not create unapproved gift cards, gift certificates, rewards or loyalty programs. Franchisee cannot offer free products or services unless approved by Franchisor.

4.3.4 **Website Requirements**. Franchisee shall not develop, own or operate any website (or establish any other online presence, including a presence in virtual worlds, or post to any social media platform, including but not limited to, Facebook, Twitter, LinkedIn, YouTube, Instagram and Pinterest) using the Proprietary Marks or otherwise referring to the Franchised Business or the products or services sold under the Deli Delicious System (each the "Website") without Franchisor's prior written approval. All content on a Website is deemed to be advertising and must comply with the requirements Franchisor establishes for websites in the Confidential Operations Manual or otherwise. Franchisor may host and give Franchisee access to a separate web page for the Franchised Business on its website(s) ("Location Micro-Site"). Any electronic materials Franchisee proposes to use must be accepted in advance by Franchisor before publication to any site. Franchisee shall establish electronic links to Franchisor's website(s) or any other website Franchisor designates. Franchisor has the right, but not the obligation, to establish and maintain a Website, which may promote the Proprietary Marks and /or Deli Delicious System and/or the businesses operating under the Deli Delicious System. Franchisor will have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to other websites, legal notices, and policies and terms of usage. Franchisor will also have the right to discontinue operation of the Website at any time without notice to Franchisee. Franchisee's webpage may be removed and all mention of the Franchised Business location may be removed from Franchisor's website and/or social media accounts anytime Franchisee is found to not be in compliance with the System or anything required under this Agreement. Access will be reinstated only once violations are deemed cured, in Franchisor's sole discretion. Currently, Franchisor does not charge any fee for franchisees for the use of its Website, but reserves the right to do so. Upon the expiration, termination or non-renewal of this agreement, Franchisee will assign any permitted website domain or social media account used in connection with the Franchised Business to Franchisor. Franchisee does not have any responsibility for designing or hosting the Website. Franchisor reserves the right to provide password protected access to conduct all business-related e-mail operations through the private portion of Location Micro-Site. Franchisee may only use the Website and Internet presence provided by Franchisor.

4.3.5 **Advertising Cooperatives**. Franchisor reserves the right to create a regional advertising cooperative and require Franchisee to contribute an amount determined by the cooperative, up to 1.5% of Franchisee's monthly Gross Revenues. Amounts contributed to a cooperative will be in addition to amounts required to be spent on local advertising and marketing. Franchisor has the right to draft Franchisee's bank account for the advertising cooperative contribution and to pass those funds on to the respective cooperative. The cooperative members are responsible for the administration of their respective advertising cooperative, as stated in the by-laws that Franchisor approves. The by-laws and governing agreements will be made available for review by the cooperative's franchisee members. Franchisor may require a cooperative to prepare annual or periodic financial statements for review. Each cooperative will maintain its own funds; however, Franchisor has the right to review the cooperative's finances, if it so chooses. The Franchised Business may not benefit directly or proportionately to its contribution to the Cooperative. Franchisor reserves the right to approve all of a cooperative's marketing programs and advertising materials. On 30 days written notice to affected franchisees, Franchisor may terminate or suspend a cooperative's program or operations. Franchisor may form, change, dissolve or merge any advertising cooperative. Franchisor's affiliate owned businesses may but will have no obligation to participate in any such advertising cooperatives.

4.4 **Technology Fee and Technology Set-Up Fee**. Franchisee acknowledges and agrees that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable, but unpredictable, changes to technological needs and opportunities, Franchisee agrees that Franchisor shall have the right to establish, in writing, new standards for the implementation of technology in the Deli Delicious System; and Franchisee agrees that he or she will abide by those standards established by Franchisor as if this Agreement were periodically revised by Franchisor for that purpose. Franchisor reserves the right to require Franchisee to pay to Franchisor, its affiliate, or approved vendor, it's then-current technology fee which may be used towards costs in relation to establishing and maintaining software, subscriptions, hosting and other technology related items. Franchisor reserves the right to increase the Technology Fee upon 30 days written notice. This fee is in additional to fees paid direct to third party vendors.

4.5 **Management Fee.** If Franchisor determines in its sole judgment that the operation of the Franchised Business is in jeopardy due to Franchisee or an owner's death, disability or for any other reason, including occurrence of a default, then in order to prevent an interruption of the Franchised Business which would cause harm to the System and thereby lessen its value, Franchisee authorizes Franchisor to operate the Franchised Business for as long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies which Franchisor may have under this Agreement. In Franchisor's sole judgment, it may deem Franchisee incapable of operating the Franchised Business if, without limitation, Franchisee fails to make payments when due or fails to remove any and all liens or encumbrances of every kind placed upon or against the business; or if Franchisor determines that operational problems require that it operate the Franchised Business for a period of time that it determines, in its sole discretion, to be necessary to maintain the operation of the business as a going concern. Franchisor shall receive its then current fee for same and the reasonable compensation and expenses of its representatives to assist with operating the Restaurant. Franchisor reserves the right to change its fee upon 30 days written notice. In addition, Franchisee will also be required to pay Franchisor's expenses (including reasonable attorney's fees incurred) and fees due under this agreement, such as royalties. In the event Franchisor exercises these rights, Franchisee agrees to hold Franchisor and its representatives harmless for all actions occurring during the course of such temporary operation. Nothing contained herein shall prevent Franchisor from exercising any other right which it may have under this Agreement, including, without limitation, termination.

4.6 **On-Site Evaluation.** On-site evaluations are performed as Franchisor deems necessary or in response to reasonable request for site approval. Franchisee will be responsible for the transportation, room and board and miscellaneous expenses incurred by Franchisor's personnel during these visits.

4.7 **Collection Costs, Attorneys' Fees, Interest Late Fee.** Any late payment or underpayment of the Royalty Fee, advertising contributions and any other charges or fees due Franchisor or its parent, predecessor or affiliate from Franchisee shall bear interest from the due date until paid at the lesser of 18% interest per year or the highest lawful interest rate which may be charged for commercial transactions in the state in which the Franchised Business is located. If Franchisor engages an attorney to collect any unpaid amounts under this Agreement or any related agreement (whether or not formal judicial proceedings are initiated), Franchisee shall pay all reasonable attorneys' fees, court costs and collection expenses incurred by Franchisor. If Franchisee is in breach or default of any non-monetary material obligation under this Agreement or any related agreement, and Franchisor engages an attorney to enforce its rights (whether or not formal judicial proceedings are initiated), Franchisee shall pay all reasonable attorneys' fees, court costs and other expenses incurred by Franchisor. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement and the claim in the action is denied or the action is dismissed, Franchisor may recover its reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against the same. All overdue amounts are also subject to a late fee equal to the lesser of 10% of the overdue amount, or the highest amount permitted by law. Late Fees continue to accrue until the overdue amount is paid.

4.8 **Audit**. Franchisee shall maintain accurate business records, reports, correspondence, accounts, books and data relating to Franchisee's operation of the Franchised Business. At any time during normal business hours, Franchisor or its designee may enter the Franchised Business or any other premises where these materials are maintained and inspect and/or audit Franchisee's business records and make copies to determine if Franchisee is accurately maintaining same. Alternatively, upon request from Franchisor, Franchisee shall deliver these materials to Franchisor or its designee. If any audit reveals that Franchisee has understated Gross Revenues by 2% or more, or if Franchisee has failed to submit complete Reports and/or remittances to Franchisor for any 2 reporting periods within a 12 month period, or Franchisee does not make these materials available, Franchisee shall pay the reasonable cost of the audit and/or inspection, including the cost of auditors and attorneys, incurred by Franchisor, together with amounts due for royalty and other fees as a result of such understated Gross Revenues, including interest from the date when the Gross Revenues should have been reported, no later than fourteen (14) days after the completion of such audit.

4.9 **Financial Records and Reports.** Franchisee shall maintain for at least 5 fiscal years from their production, or any longer period required by law, complete financial records for the operation of the Franchised Business in accordance with generally accepted accounting principles and shall provide Franchisor with: (i) the Gross Revenue records, which Franchisor may access on a regular basis through the point of sale system or other equipment used in connection with the recording of Franchisee's Gross Revenues; (ii) annual financial reports and operating statements in the form specified by Franchisor on the date specified by Franchisor (Franchisor reserves the right to require that it receive reports prepared by a certified public accountant or state licensed public accountant, within 60 days after the close of each fiscal year of Franchisee); (iii) state and local sales tax returns or reports within 15 days after their timely completion; (iv) federal, state and local income tax returns for each year in which the Franchised Business is operated, within 60 days after their timely completion; and (v) such other reports as Franchisor may from time to time require, in the form and at the time prescribed by Franchisor, for which Franchisor may require preparation by a certified public accountant. To assist Franchisee in recording and keeping accurate and detailed financial records for reports and tax returns, Franchisor, at its discretion, may specify the form in which the business records are to be maintained, provide a uniform set of business records to be used by Franchisee, and specify the type of point of sale system or other equipment and software to be used in connection with the recording of Gross Revenues. Franchisor may obtain Gross Revenues and other information from Franchisee by modem or other similar means, from a remote location, without the need for consent, at the times and in the manner as Franchisor specifies, in Franchisor's sole discretion. Franchisee will keep its books and records related to this business separate from any other business owned by Franchisee or its principals. Any such separate business will be conducted by a separate entity. In the event the Franchisee fails to submit the required financial statements on timely basis, at franchisees expense, the Franchisor shall have the right to hire an independent CPA to prepare and submit the required financial statements when due.

4.10 **Taxes on Payments to Franchisor**. In the event any taxing authority, wherever located, shall impose any tax, levy or assessment on any payment made by Franchisee to Franchisor, Franchisee shall, in addition to all payments due to Franchisor, pay such tax, levy or assessment, which will enable Franchisor to receive the payment in full.

4.11 **No Right of Set Off**. Franchisee has no right to offset or withhold payments of any kind owed or to be owed to Franchisor, or its parent, predecessor or affiliate, against amounts purportedly due as a result of any dispute of any nature or otherwise, except as authorized by an award from a court of competent jurisdiction.

5. FRANCHISOR SERVICES

5.1. Site Selection.

5.1.1. **Site Selection Assistance**. Franchisor or its designated suppliers may assist Franchisee in identifying potential locations that meet Franchisor's standards and criteria, including size, layout and other physical characteristics. Franchisee must acquire an acceptable site within 6 months from the effective date of this Agreement. This assistance provided by Franchisor or its designees does not relieve Franchisee of the primary obligation to locate and open a suitable site in the required timeframe.

5.1.2. **Site Selection Approval**. Franchisor or its designated suppliers shall review and accept or reject sites proposed by Franchisee for the location of the Franchised Business. Final site selection must be acceptable to both Franchisor and Franchisee. Upon the selection of a mutually acceptable site, Franchisor or its designee shall review Franchisee's proposed lease or purchase agreement for the premises. Neither Franchisor's acceptance of a site nor approval of a proposed lease or purchase agreement constitutes a representation that the Franchised Business shall be successful.

5.2. **Layout**. Franchisor shall provide Franchisee with a copy of a floor plan designed for a prototypical Deli Delicious Restaurant. Franchisee shall construct and equip the Franchised Business in accordance with Franchisor's then-current approved specifications and standards pertaining to design and layout of the premises, and to equipment, signs, fixtures, furnishings, location and design and accessory features. Franchisee must hire an architect accepted by Franchisor to prepare plans and make any necessary changes to the standard floor plan design. The architect must certify that the architectural renderings, plans, and specifications comply with the Americans with Disabilities Act (the "ADA"), the architectural guidelines under the ADA, and all applicable state and local codes for accessible facilities before approval will be granted for the final plans. Franchisee shall bear the cost and responsibility of compliance with state or local ordinances, including but not limited to architectural seals, zoning and other permits. All costs of and connected with the construction, leasehold improvements, equipment, furnishings, fixtures, and signs are the responsibility of Franchisee. The layout, design and appearance (the "trade dress") of the Franchised Business shall meet Franchisor's approval and conform to Franchisor's standards and specifications as set forth in the Confidential Operations Manual, and Franchisee may not alter the trade dress without Franchisor’s consent.

5.3. **Training**.

5.3.1. **Initial Training**. Franchisor shall provide, either itself or through its designee, an initial training program to be held at its corporate Restaurant in California, at the Franchised Location or another location designated by Franchisor, or virtually, at the times Franchisor shall designate, at Franchisor’s discretion. Initial training is provided at no cost for up to two attendees (consisting of Franchisee or Franchisee’s Operating Principal and General Manager). Franchisor shall schedule an initial training program, at Franchisor’s convenience, between the time Franchisee signs this Agreement and the time Franchisee is scheduled to open the Franchised Business. Franchisee, or if Franchisee is a business entity, Franchisee’s Operating Principal, and Franchisee’s General Manager must attend and complete the initial training program to Franchisor's satisfaction at least thirty (30) days prior to the opening of the Franchised Business. Franchisee shall be responsible for the personal expenses, including transportation to and from the training site and lodging, meals, and salaries during training, for individuals attending training. If initial training is otherwise required for Franchisee or any equity owner, General Manager, or other employee, Franchisee shall pay Franchisor's then-current tuition for each person to attend the initial training program. Franchisee (or Franchisee’s Operating Principal) and General Manager must satisfactorily complete initial training and pass the final examination with a minimum score of 90%. If Franchisee (or Franchisee’s Operating Principal) or Franchisee’s General Manager do not satisfactorily complete the initial training program, the individuals who have not passed must remain at training for an additional five (5) days, at Franchisee’s cost, to do remedial training. If the individuals attending remedial training are still unable to pass the final exam a second time Franchisor may terminate this Agreement. Franchisor may, but is not required to, allow Franchisee to provide training to replacement personnel but such training may not occur unless Franchisor provides advanced written consent. Additionally, Franchisee must make arrangements to ensure that Franchisee’s owners and all employees hold all certifications required by Franchisor from time to time from organizations designated by Franchisor, in its discretion, which may include ServSafe Manager Training (or similar, in Franchisor’s sole discretion). In addition to the above, Franchisor may provide up to five (5) days of onsite opening assistance at the Restaurant.

5.3.2. **On-Site Training; Remedial Training**. Franchisor shall provide other on-going assistance as Franchisor deems appropriate and advisable. Subject to availability of personnel and at the request of Franchisee, or in the event Franchisor deems it necessary, Franchisor shall make available corporate personnel to provide additional on-site assistance at Franchisee's location and may charge Franchisee its then-current tuition plus the travel, lodging and meal costs for Franchisor’s trainers. If remedial training occurs offsite, Franchisee must pay Franchisor’s then-current fee plus transportation expenses, lodging, meals and salary for all attendees.

5.3.3. **Refresher Courses; Supplemental Training**. Franchisor reserves the right to offer refresher courses and supplemental training programs, and continuing education courses which, in Franchisor’s sole discretion, may be optional or mandatory, from time to time, to Franchisee, its equity owners (if Franchisee is a business entity), its General Manager, instructors and/or its employees. In addition to paying Franchisor's then-current cost for tuition, Franchisee shall be responsible for the personal expenses, including transportation to and from the training site and lodging, meals, and salaries during training, for individuals attending any refresher or supplemental training.

5.4. **Continuing Consultation and Advice**. In addition to the assistance rendered Franchisee prior to opening, Franchisor shall provide Franchisee continuing consultation and advice as Franchisor deems advisable during the term of this Agreement regarding client procurement, sales and marketing techniques, inventory, personnel development and other business, operational and advertising matters that directly relate to the operation of the Franchised Business. Such assistance may be provided by telephone, facsimile, email, postings to Franchisor's intranet, periodically through on-site assistance by appropriate personnel of Franchisor, and/or other methods. Franchisor reserves the right to delegate any or all of its obligations under this Agreement to a third party of its choosing. Franchisor is not obligated to perform services set forth in this Agreement to any particular level of satisfaction, but as a function of Franchisor's experience, knowledge and judgment. Franchisor does not represent or warrant that any other services will be provided, other than as set forth in this Agreement.

5.5. **Confidential Operations Manual**. Franchisor shall loan or otherwise provide access by Franchisee to one copy of a specifications, operations and procedures manual, and one copy of other books, binders, videos or other electronic media, intranet postings and other materials, and appropriate revisions as may be made from time to time, referred to collectively as the "Confidential Operations Manual". Franchisee shall operate the Franchised Business in strict compliance with the Confidential Operations Manual. From time to time Franchisor may, through changes in the Confidential Operations Manual or by other notice to Franchisee, change any standard or specification or any of the Proprietary Marks applicable to the operation of the Franchised Business or change all or any part of the System, and Franchisee shall take all actions, at Franchisee's expense, to implement these changes. Franchisor may vary the standards and specifications to take into account unique features of specific locations or types of locations, special requirements and other factors Franchisor considers relevant in its sole discretion. The Confidential Operations Manual shall be confidential and at all times remain the property of Franchisor. Franchisee shall not make any disclosure, duplication or other unauthorized use of any portion of the Confidential Operations Manual. The provisions of the Confidential Operations Manual constitute provisions of this Agreement as if fully set forth in this Agreement. Franchisee shall ensure that its copy of the Confidential Operations Manual is current and up-to-date. If there is a dispute relating to the contents of the Confidential Operations Manual, the master copy maintained by Franchisor at its principal office shall be controlling. Franchisor may elect to provide the Confidential Operations Manual solely through Franchisor's website(s) and/or intranets or other electronic means without any need to provide Franchisee with a paper copy or other physical format. Franchisor may release the Confidential Operations Manual in sections at varying times.

5.6. **Annual Franchise Meeting**. Franchisor reserves the right to hold a conference of all franchisees, which will not be held more frequently than annually. Franchisor may designate that attendance at a franchisee conference by Franchisee, Franchisee's Operating Principal, General Manager and/or certain personnel is mandatory. Failure to attend shall result in the payment to Franchisor of its then-current fee. Franchisor reserves the right to charge a fee for the franchisee conference, and Franchisee must pay all expenses incurred by all attendees on its behalf, including travel, lodging, meals, applicable wages and meeting materials.

6. FRANCHISE SYSTEM STANDARDS

6.1. **Opening for Business**. Franchisee must open the Franchised Business for business within twelve (12) months after the execution of this Agreement. Franchisee shall not open the Franchised Business for business until Franchisee has complied with Franchisor's requirements for opening, and Franchisor has granted Franchisee written permission to open. Franchisor's opening requirements include: (i) Franchisee must have paid the initial franchise fee and other amounts then due to Franchisor, or its affiliate; (ii) the Franchised Business complies with Franchisor's standards and specifications; (iii) all required personnel have satisfactorily completed Franchisor's pre-opening training requirements; (iv) Franchisee has obtained all applicable licenses and permits;(v) Franchisee has provided Franchisor with copies of all required insurance policies and evidence of coverage and premium payment and (vi) Franchisor has provided its written approval. If the Franchised Business is not opened for business within twelve (12) months from the date of this Agreement, Franchisor may terminate this Agreement. Additionally, if Franchisor chooses not to terminate, Franchisee shall be subject to Franchisor's then-current weekly fine for each week in which the Restaurant remains unopen.

6.2. **Compliance with Standards**. Franchisee acknowledges that its obligations under this Agreement are reasonable, necessary and desirable for the operation of the Franchised Business and the Deli Delicious System. Franchisee shall adhere to Franchisor's standards and specifications as set forth in this Agreement and the Confidential Operations Manual, including, but not limited to, specifications of product quality and uniformity and equipment compatibility among individual Deli Delicious franchisees, inventory requirements and any revisions or amendments. Franchisee shall purchase only products and services, including Deli Delicious branded products, inventory, supplies, furniture, fixtures, equipment, signs, software and logo-imprinted products, which Franchisor approves, including purchasing from approved suppliers or a designated sole supplier for any items. Franchisor and its parent, predecessor or affiliate may be an approved supplier or designated sole supplier for any purchases of products or services, including, without limitation, bakery products and cheesecake, and may obtain revenue from Franchisee and make a profit. Franchisee must purchase or obtain these products and services through Franchisor or a supplier approved by Franchisor. If Franchisor designates itself or its affiliate as the sole supplier of an item no other vendor may be used. Franchise may designate a third-party vendor as a sole supplier of items which originate from Franchisor or its affiliate, including all bakery products. Purchase of these items from the third-party vendor is required and, in that case, only those items that originate from Franchisor or its affiliate may be used at the Restaurant. Franchisee cannot be a supplier to other franchisees without Franchisor's written approval. Franchisee may not install any fixtures, furnishings, equipment, décor items, signs, games, vending machines or other items that do not comply with our specifications, without or written consent. If Franchisor has not designated an approved supplier for a particular product or service, Franchisee shall purchase these products and services only from suppliers that meet Franchisor's standards and specifications. Franchisor is not liable for the actions of any supplier or vendor. Franchisee may request approval of a supplier, product or item under Franchisor's published procedures, which include inspection of the facilities and testing of product samples. Franchisor may charge its then-current fee for making a determination on the proposed supplier, product or item as well as require reimbursement of its testing and evaluation costs, regardless of whether the supplier, product or item are ultimately approved. Franchisee may also be responsible for reimbursing costs for evaluations if Franchisee is found to be offering unapproved items. Franchisor reserves the right, at its option, to re-inspect the facilities and products of any approved supplier, and to revoke approval if the supplier fails to continue to meet any of Franchisor's criteria. Franchisor may receive fees and other payments from suppliers and others in connection with Franchisee's purchases and may use the fees for Franchisor's own purposes. Franchisee may only offer and sell the products and services that Franchisor periodically specifies and may not offer or sell at the Franchised Business, the Accepted Location or any other location any products or services Franchisor has not authorized. Franchisee must discontinue selling and offering for sale any products or services that Franchisor at any time disapproves. Franchisee agrees at all times to operate and maintain the Franchised

Business according to each and every System standard, as Franchisor periodically modifies and supplements them. System standards may regulate any aspect of the Franchised Business's operation and maintenance, including requirements on the music played in the Restaurant. Franchisor may impose its then-current fine for each incident of Franchisee's non-compliance. Franchisor may recommend or mandate pricing for products and services to be sold at the Franchised Business.

6.3. **Operations.**

6.3.1. Franchisee shall keep the Franchised Business open as specified by Franchisor in the Confidential Operations Manual and must keep the Franchised Business opened for the minimum hours and days as required.

6.3.2. Franchisee shall maintain the Franchised Business in a clean, safe and attractive manner, and in accordance with all applicable requirements of law and the Confidential Operations Manual. Franchisee and its employees shall give prompt, courteous and efficient service to the public and shall otherwise operate the Franchised Business so as to preserve, maintain and enhance the reputation and goodwill of the Deli Delicious System.

6.3.3. Franchisee shall at all times maintain and employ working capital as Franchisor may reasonably deem necessary to enable Franchisee to properly and fully carry out and perform all of its duties, obligations and responsibilities under this Agreement and to operate the business in a businesslike, proper and efficient manner.

6.3.4. Franchisee shall operate the Franchised Business in conformity with the highest ethical standards and sound business practices and in a manner which shall enhance the Deli Delicious name and brand and the Deli Delicious System. Franchisee shall employ a sufficient number of qualified, competent people to satisfy the demand for its products and services as well as other office personnel. Franchisee shall be solely responsible for all employment decisions and functions, including hiring, firing, discipline, supervision, setting terms of employment and compensation and implementing a training program for employees of the Franchised Business in accordance with training standards and procedures Franchisor specifies in order for Franchisee to conduct the business of the Franchised Business at all times in compliance with Franchisor's requirements. Franchisee shall never represent or imply to prospective employees that they shall be or are employed by Franchisor. Franchisee must communicate clearly with its employees in its employment agreements, employee manuals, human resources materials, written and electronic correspondence, pay checks and other materials that Franchisee (and only Franchisee) is their employer, and Franchisor is not their employer and does not engage in any employer-type activities, for which only Franchisee is responsible.

6.3.5. Franchisee acknowledges that proper management of the Franchised Business is extremely important. Franchisee (or its Operating Principal) is responsible for the management, direction and control of the Franchised Business. If Franchisee is an entity, Franchisee must appoint and maintain throughout the Term an "Operating Principal", who must be an equity owner of at least 10% of the Franchised Business. The Operating Principal is identified on Exhibit 2 to this Agreement. The Operating Principal shall have the authority to bind Franchisee in all operational decisions regarding the Franchised Business. Franchisor shall have the right to rely on any statement, agreement or representation made by the Operating Principal. The Operating Principal cannot be changed without Franchisor's prior written approval.

Franchisee must hire a General Manager to be responsible for the direct on-premises supervision of the

Franchised Business at all times during the hours of operation. Franchisee's General Manager must furnish full-time attention and best efforts to the management of the Franchised Business. However, Franchisee is still responsible for the operations of the Franchised Business and its obligations under the Franchise Agreement. Franchisee may not change the General Manager of the Franchised Business without Franchisor's prior approval. Franchisor must be given notice if a General Manager resigns or is otherwise terminated within seventy-two hours and Franchisee must engage a suitable replacement as soon as possible, but in no event more than 60 days from the date of termination and Franchisee must provide suitable coverage in the interim.

At all times, Franchisee will keep Franchisor advised of the identity of the General Manager. The General Manager need not have any equity interest in the franchise. Franchisee will disclose to the General Manager only the information needed to operate the Franchised Business and the General Manager will be advised that any confidential information is Franchisor's trade secret.

6.3.6. Franchisee shall maintain the Franchised Business and the Accepted Location in "like new" condition, normal wear and tear excepted, and shall repaint, redecorate, repair or replace equipment, fixtures and signage as necessary to comply with the standards and specifications of Franchisor. Franchisee shall, at its expense, redecorate, repair and replace furniture, equipment, décor, software, wiring, fixtures and signs as necessary to maintain the highest degree of safety and sanitation at the Franchised Business and any parking lot in first class condition and repair and as Franchisor may direct. Not more than once every 5 years, Franchisor may require Franchisee to perform a refresh at the Franchised Business, making cosmetic adjustments and replacements as Franchisor may require. Once every 10 years Franchisor may require a larger scale extensive renovation of the Franchised Business at Franchisee's expense to conform to Franchisor's then-current public image and trade dress. This extensive renovation may include structural changes, remodeling and redecorating. Franchisee must also purchase any additional or replacement furniture, indoor and outdoor equipment, software, wiring, fixtures and signs Franchisor specifies.

6.3.7. Franchisee shall fully participate in all required national buying or vendor programs.

6.3.8. Franchisee authorizes the release of all supplier records to Franchisor without notice to Franchisee. Franchisee grants Franchisor the right to communicate with suppliers without notice to Franchisee, and to obtain and examine all records of any supplier relating to Franchisee's purchases from the supplier.

6.3.9. Franchisee shall follow all methods of operating and maintaining the Franchised Business that Franchisor determines to be useful to preserve or enhance the efficient operation, image or goodwill of the Proprietary Marks and Deli Delicious Restaurants.

6.3.10. If Franchisor permits Franchisee to provide off-site services, Franchisor anticipates that Franchisee's employees will use their personal vehicles to provide any off-site services from the Franchised Business, such as catering or delivery. Franchisor reserves the right to require Franchisee to have temporary signage placed on each vehicle. Franchisor expects that all vehicles will be kept clean, in good working order and properly insured. Franchisee must have each person providing those services comply with all laws, regulations and rules of the road and use due care and caution operating and maintaining the motor vehicles.

6.3.11. Franchisor will respond to requests to remove certain products from the required products list within 30 days from the date the request is received. All decisions will be made in Franchisor's sole discretion.

6.3.12. Franchisee shall promptly notify Franchisor by telephone and in writing of all (i) food related illness, (b) safety or health violation, (c) claims exceeding one thousand dollars, and (d) any other material claims against or losses suffered by Franchisee relating to customer service. Franchisor reserves the right to refund customers in certain instances, in its discretion, at Franchisee's expense.

6.3.13. Franchisee shall not make any changes to any products required by Franchisor for use including changing the containers, packaging, labeling, promotional materials, advertising, cartons or the like without Franchisor's prior written approval, which may be withheld in the sole discretion of the Franchisor.

6.3.14. Franchisee shall meet and maintain the highest level of health standards and ratings applicable to the operation of the Restaurant. Franchisee shall furnish to Franchisor, a copy of all inspection reports, warnings, citations, certificates and/or ratings resulting from inspections conducted by any federal, state or municipal agency with jurisdiction over the Restaurant.

6.4. **Applicable Laws.** Franchisee shall investigate, keep informed of and comply with all applicable federal, state and local laws, ordinances and regulations regarding the construction, operation or use of the Franchised Business. If these legal requirements impose a greater standard or duty than Franchisor requires in the Confidential Operations Manual or elsewhere, Franchisee must comply with the greater standard or duty and notify Franchisor in writing promptly after Franchisee becomes aware of the discrepancy. Franchisee shall abide by all applicable laws pertaining to privacy of information collected or maintained regarding customers or other individuals ("Privacy") and shall comply with Franchisor's standards and policies pertaining to Privacy. If there is a conflict between Franchisor's standards and policies pertaining to Privacy and applicable law, Franchisee shall: (i) comply with the requirements of applicable law; (ii) immediately give Franchisor written notice of said conflict; and (iii) promptly and fully cooperate with Franchisor and its counsel as it may request to assist in a determination regarding the most effective way, if any, to meet the standards and policies pertaining to Privacy within the bounds of applicable law.

6.5. **Trade Secrets and Confidential Information**. The System is unique and the Confidential Operations Manual, Franchisor's trade secrets, copyrighted materials, methods and other techniques and know-how are the sole, exclusive and confidential property of Franchisor, and are provided or revealed to Franchisee in confidence ("Confidential Information"). Franchisee agrees to maintain a list of the names, addresses and contact information of all customers of the Franchised Business. The list will be Franchisor's sole and exclusive property and will be part of the Confidential Information. Franchisee agrees to maintain the confidentiality of the list and may not disclose the customer list or its contents to any person or entity other than Franchisor, except as may be required by law or court order. Franchisee shall use the Confidential Information only for the purposes and in the manner authorized in writing by Franchisor, and its use shall inure to the benefit of Franchisor. Franchisor's trade secrets consist of, without limitation, (i) site selection, construction plans and design specifications; (ii) methods, formats, specifications, standards, systems, procedures, pricing and cost data, sales and marketing techniques; (iii) recipes, formulas, ingredients and food preparation techniques; (iv) knowledge of specifications for and suppliers of, and methods of ordering, certain products, ingredients, materials, equipment and supplies; (v) knowledge of the operating results and financial performance of other System Restaurants; (vi) the Confidential Operations

Manual; (vii) training materials and programs; (viii) customer names, contact information and data; (ix) all password-protected portions of the Website, intranets and extranets and the information they contain (including the email addresses of System franchisees); and (x) specifics regarding the inner workings of computer software, applications or other technology used by the System. Franchisee shall inform all employees before communicating or divulging any Confidential Information to them of their obligation of confidence. In addition, subject to applicable law, Franchisee shall obtain a written agreement, in form and substance satisfactory to Franchisor, from Franchisee's employees, landlord, contractors, and any other person having access to the Confidential Operations Manual or to whom Franchisee needs to disclose any Confidential Information, that they shall maintain the confidentiality of the Confidential Information and they shall recognize Franchisor as a third-party beneficiary with the independent right to enforce the covenants either directly in Franchisor's own name as beneficiary or acting as agent. Franchisee hereby appoints Franchisor as its agent with respect to the enforcement of these covenants. An example of a written agreement currently considered satisfactory for employees is the Confidentiality Agreement attached as Exhibit 5. Franchisee shall be liable to Franchisor for the actions of any such individuals with respect to the Confidential Information. All executed agreements must be forwarded to Franchisor to ensure compliance. Franchisee shall retain all written Confidentiality Agreements with Franchisee's business records for the time period specified in the Confidential Operations Manual. Franchisee shall enforce all covenants and shall give Franchisor notice of any breach or suspected breach of which Franchisee has knowledge.

Franchisee shall not contest, directly or indirectly, Franchisor's ownership of or right, title or interest in Franchisor's trade secrets, methods or procedures or contest Franchisor's right to register, use or license others to use any of such trade secrets, methods and procedures. Franchisee, including its officers, directors, shareholders, partners, and employees, and any spouses, heirs, successors and assigns, are prohibited from using and/or disclosing any Confidential Information in any manner other than as permitted by Franchisor in writing.

All data that Franchisee collects from customers of the Franchised Business or through marketing is deemed to be owned exclusively by Franchisor and/or its parent, predecessor or affiliate. Franchisee must install and maintain security measures and devices necessary to protect the customer data from unauthorized access or disclosure, and may not sell or disclose to anyone else any personal or aggregated information concerning any customers. Franchisee has the right to use the customer data only in connection with the Franchised Business, while the Franchise Agreement is in effect. If Franchisee transfers the Franchised Business to a new owner, who will continue to operate the Franchised Business under an agreement with Franchisor, Franchisee may transfer the customer data to the new owner as part of the going concern value of the business.

6.6. **Proprietary Marks**.

6.6.1. **Ownership**. Nothing in this Agreement assigns or grants to Franchisee any right, title or interest in or to the Proprietary Marks, it being understood that all rights relating to the Proprietary Marks are reserved by Franchisor and the owner of the Proprietary Marks who has licensed the Proprietary Marks to Franchisor ("Licensor"), except for Franchisee's license to use the Proprietary Marks only as specifically and expressly provided in this Agreement. Franchisee's use of the Proprietary Marks shall inure to the benefit of Franchisor and its parent, predecessor and affiliate, and Franchisee shall not at any time acquire any rights in the Proprietary Marks. Franchisee may not sublicense the Proprietary Marks. Franchisee shall not challenge the title or rights of Franchisor or its parent, predecessor or affiliate in and to the Proprietary Marks, or do any act to jeopardize or diminish the value of the Proprietary Marks. All goodwill associated with the Proprietary Marks and Franchisor and its parent, predecessor and affiliate's copyrighted material, including any goodwill that might be deemed to have arisen through Franchisee's activities, inures directly and exclusively to the benefit of Franchisor and its parent, predecessor and affiliate. Franchisee shall execute from time to time any and all other or further necessary papers, documents, and assurances to effectuate the intent of this Section 6.6.1 and shall fully cooperate with Franchisor and its parent, predecessor and affiliate and any other franchisees of Franchisor in securing all necessary and required consents of any state agency or legal authority to the use of any of the Proprietary Marks. Franchisor reserves the right to add, change or substitute the Proprietary Marks for use in identifying the System and the businesses operating under its System if the current Proprietary Marks no longer can be used, or if Franchisor, in its sole discretion, determines that substitution of different Proprietary Marks shall be beneficial to the System. Franchisee shall bear the cost and expense of all changes.

6.6.2. **Protection**. Franchisee shall promptly notify Franchisor of any infringement of, or challenge to, the Proprietary Marks, and Franchisor shall in its discretion take the action it deems appropriate. Franchisee must not communicate with any person other than legal counsel and Franchisor in connection with any infringement challenge or claim. Franchisor shall indemnify and hold Franchisee harmless from any suits, proceedings, demands, obligations, actions or claims, including costs and reasonable attorneys' fees, for any alleged infringement under federal or state trademark law arising solely from Franchisee's use of the Proprietary Marks in accordance with this Agreement or as otherwise set forth by Franchisor in writing if Franchisee has promptly notified Franchisor of such claim and cooperated in the defense of any claim. If Franchisor undertakes the defense or prosecution of any litigation pertaining to any of the Proprietary Marks, Franchisee agrees to execute any and all documents and do such acts and things as, in the opinion of counsel for Franchisor, are necessary to carry out such defense or prosecution.

6.6.3. **Advertising**. All advertising shall prominently display the Proprietary Marks and shall comply with any standards for use of the Proprietary Marks established by Franchisor as set forth in the Confidential Operations Manual or otherwise. Franchisor reserves the right to approve all signs, stationery, business cards, forms, and other materials and supplies bearing the Proprietary Marks. Franchisee shall use the Proprietary Marks, including without limitation trade dress, color combinations, designs, symbols, and slogans, only in the manner and to the extent specifically permitted by this Agreement, the Confidential Operations Manual or by prior written consent of Franchisor.

6.6.4. **Franchisee's Name**. Franchisee agrees not to use the Proprietary Marks or any part of a Proprietary Mark in its corporate name. The corporate and all fictitious names under which Franchisee proposes to do business must be approved in writing by Franchisor before use. Franchisee shall use its corporate name either alone or followed by the initials "D/B/A" and the business name of Deli Delicious. Franchisee shall register at the office of the county in which the Franchised Business is located or such other public office as provided for by the laws of the state in which the Franchised Business is located as doing business under such assumed business name.

6.6.5. **Independent Status**. All stationery, business cards and contractual agreements into which Franchisee enters shall contain Franchisee's corporate or fictitious name and a conspicuously displayed notice that Franchisee operates the Franchised Business as an independently owned and operated franchise of Franchisor. Franchisee shall prominently display, by posting a sign within public view on or in the premises of the Franchised Business, a statement that clearly indicates that the Franchised Business is independently owned and operated by Franchisee.

6.6.6. **Authorized and Unauthorized Use.** At Franchisor's direction, Franchisee shall use the Proprietary Marks in conjunction with the symbol "SM," "TM" or "®", as applicable, in order to indicate the registered or unregistered status of the Proprietary Marks. Franchisee shall not use any of the Proprietary Marks in connection with the offer or sale of any unauthorized products or services or in any other manner not explicitly authorized in writing by Franchisor.

6.6.7. **Franchisor's Use of Marks.** Franchisor, its parent, predecessor and affiliate may use and register the Proprietary Marks as they deem advisable in their discretion including without limitation, developing and establishing other systems using the same or similar Proprietary Marks alone or in conjunction with other marks and granting licenses and/or franchises in connection with the same or similar Proprietary Marks without providing any rights to Franchisee.

6.6.8. **Electronic Mail and Domain Names**. Franchisee shall not use the Proprietary Marks, or any abbreviation, variation or other name associated with the Deli Delicious System or Franchisor as part of any e-mail address, domain name, and/or other identification in any electronic medium, without the prior written approval of Franchisor.

6.7. **Inspection**. At any time, without prior notice, Franchisor or its representatives or agents shall have the right to enter upon the premises of the Franchised Business and shall have unfettered access to the Franchised Business and premises, for any reason, in Franchisor's sole discretion, that Franchisor deems necessary, including, but not limited to the right to inspect Franchisee's records, interview Franchisee's employees and customers, and observe the manner in which Franchisee operates the Franchised Business. Franchisee shall allow Franchisor or its representatives or agents to make extracts from or copies of any records and to take samples of any products sold at the Franchised Business at no charge and immediately remove any unauthorized products without any payment or other liability to Franchisee. In addition to any other remedies Franchisor may have, Franchisor may require Franchisee to reimburse Franchisor for the cost of the inspection and testing if (i) a supplier being utilized is found to be one Franchisor has not previously approved; or (ii) any sample taken by Franchisor fails to conform to Franchisor's specifications. Additionally, in the event the Restaurant fails any inspection by Franchisor for a second time in any twelve-month period, Franchisee will be required to pay Franchisor's then-current fine for same. Franchisee shall allow Franchisor or its representatives or agents to take photographs, videos or any electronic record of the Franchised Business. Franchisor shall have the exclusive right to use any photograph, video, electronic record or other material prepared in connection with an inspection and to identify the Franchised Business and Franchisor shall not have any obligation to obtain further authorization, or to compensate Franchisee in any manner, in connection with the use of these materials for advertising, training or other purposes. Failure or refusal to grant Franchisor unfettered access shall be deemed a default. Franchisee may also request an inspection be performed if Franchisor has not performed one in the prior twelve months and, in such case, Franchisee will pay for all expenses, including travel, lodging, meals and wages for Franchisor's representatives performing the inspection.

6.8. **Changes to the System**. Franchisor may, from time to time, change the standards and specifications applicable to operation of the Franchised Business, including standards and specifications for inventory, products, services, supplies, signs, fixtures, furnishings, technology and equipment, by written notice to Franchisee or through changes in the Confidential Operations Manual. Franchisor also may from time to time eliminate and introduce new services and products. Franchisee shall immediately cease use of any products or cease offering products or services discontinued by Franchisor. Franchisee may incur an increased cost to comply with such changes, and Franchisee shall accept and implement such changes at its own expense as if they were part of the Deli Delicious System when this Agreement was executed, including discontinuing or modifying the use of or substituting any of the Proprietary Marks.

6.9. **Authorized Products, Services, Supplies, and Equipment.**

6.9.1. Franchisee shall offer and sell all products and render all services that Franchisor prescribes and only those products and services that Franchisor prescribes. Franchisee may not offer any services of the Franchised Business outside the Franchised Business' premises without express consent from Franchisor. Franchisee shall have the right to suggest new products or other developments to Franchisor for use in Franchisee's and other franchisees' Franchised Businesses. Franchisee shall have no right to offer any products to its customers or use any new developments until Franchisor has had the opportunity to test the new products or developments and provide Franchisee written approval for their use and standards and specifications with respect to their use. All new products and developments relating to the operation of a Restaurant or the System, including ancillary service or product offerings, whether they are of Franchisee's original design or variations of existing products or System techniques, shall be deemed works made for hire and Franchisor shall own all rights in them. If these products and developments do not qualify as works made for hire, by signing this Agreement Franchisee assigns to Franchisor ownership of any and all rights in these developments and the goodwill associated with them. Franchisee shall receive no payment or adjustment from Franchisor in connection with any new products or developments.

6.9.2. Franchisee shall use in the operation of the Franchised Business only such products, supplies and equipment as are specified by Franchisor in the Confidential Operations Manual, or otherwise in writing by Franchisor. Franchisee acknowledges and agrees that these may be changed periodically by Franchisor and that Franchisee is obligated to conform to the requirements as so changed.

6.9.3. Franchisor shall have the exclusive right in its sole discretion to vary from the authorized products in establishing the authorized product line for the Franchised Business. Complete and detailed uniformity under many varying conditions may not always be possible or practical and Franchisor reserves the right and privilege, at its sole discretion, to vary not only the products but other standards for any System franchisee based upon the customs or circumstances of a particular site or location, density of population, business potential, population of trade area, existing business practices, or any condition which Franchisor deems to be of importance to the operation of that franchisee's business.

6.9.4. Franchisee shall at all times use and maintain only such products, equipment, supplies and services as Franchisor specifies, which Franchisee shall obtain before opening the Franchised Business. As any products, equipment, supplies or services may become obsolete or inoperable, Franchisee shall replace the same with such products, equipment, supplies and services as are then being used in new Deli Delicious Restaurants at the time of replacement.

6.9.5. Franchisee acknowledges that Franchisor reserves the right to develop a point of sale (POS) system and a backroom computer system for use in connection with the System. Franchisee shall acquire computer hardware equipment, software, maintenance contracts, telecommunications infrastructure products and credit card processing equipment and support services as Franchisor reasonably requires in connection with the operation of the Franchised Business and all additions, substitutions and upgrades Franchisor shall specify. Franchisee shall have thirty (30) days to comply with any changes to hardware or software. Franchisee's computer system must be able to send and receive email and attachments on the Internet and provide access to the World Wide Web and otherwise support Franchisor's then-current information technology system. Franchisee must use any Deli Delicious supplied e-mail address in all business communications with customers, vendors or suppliers. Franchisor owns all Deli Delicious e-mail addresses and has full access to all communications sent and received using those addresses. Franchisor shall have the right to access information through the Point of Sale system related to operation of the Deli Delicious Franchised Business, from a remote location, at such times and in such manner as Franchisor shall require, in its sole discretion and shall have the right to disclose the information and data contained therein to a third party and/or the System. Franchisee may also be required to install a camera system at the Franchised Business and, upon request, must provide Franchisor with access to evaluate an event and/or the facility. All Franchisee employees must sign documentation acknowledging that they may be recorded and/or may be subject to monitoring and agreeing to same.

6.9.6. Franchisee acknowledges that the quality and consistency of the products and services offered to Franchisee's customers are essential conditions of this Agreement. Accordingly, Franchisee shall purchase all products, packaging, equipment, and other specified items exclusively in accordance with Franchisor's standards and specifications as provided in Section 6.2. Franchisor is not obligated to approve or consider for approval any item or supplier not specified by it. All bakery items must be purchased from a vendor who obtains the items from Franchisor's affiliate or directly from Franchisor's affiliate, unless the requirement is expressly changed by Franchisor in writing. Franchisor may derive income through markups of the prices charged for products, ingredients, services and kitchen equipment it or its affiliates supply, whether directly or indirectly.

6.10. **Pending Actions**. Franchisee shall notify Franchisor, in writing, within five (5) days of the commencement of any action, suit or proceeding and of the issuance of any order, suit or proceeding of any court, agency or other governmental instrumentality which may adversely affect the operation or financial condition of Franchisee or the Franchised Business.

6.11 **Media**. Franchisee is prohibited from speaking with the media and/or responding to requests for comment, without Franchisor's express written permission. Only Franchisor may handle public relations on behalf of Deli Delicious. Franchisee must notify Franchisor immediately of all customer complaints and of any potential crisis situations involving the Franchised Business, including but not limited to any accident or injury that occurs on the property operated by the Franchised Business.

6.12 **Customer Service.** Every detail of the quality of customer service, customer relations, appearance and demeanor of Franchisee and its employees and/or independent contractors, equipment and materials used by Franchisee in the Franchised Business is important to Franchisor and to other Deli Delicious Restaurants. Franchisee must cooperate with Franchisor by maintaining its high standards in the operation of the Franchised Business and must give prompt, courteous and efficient service to all customers. The Franchised Business will in all dealings with its customers, suppliers and the public adhere to the highest standards of honesty, fair dealing and ethical conduct. Any complaints Franchisee receives from a customer must be handled by Franchisee or its General Manager. Franchisor may perform customer surveys via any method Franchisor deems appropriate and may require Franchisee to participate in any survey program, at Franchisee's cost.

7. **ACKNOWLEDGMENTS OF FRANCHISEE**.

7.1. **Independent Contractor Status.** Franchisee is an independent contractor, responsible for full control over the management and daily operation of the Franchised Business, and neither Franchisor nor Franchisee is the agent, principal, partner, employee, employer or joint venturer of the other. Franchisee shall not act or represent itself, directly or by implication, as an agent, partner, employee or joint venturer of Franchisor, nor shall Franchisee incur any obligation on behalf of or in the name of Franchisor.

7.2. **Indemnification**. Franchisee shall defend, indemnify and hold Franchisor and its parents, predecessors, affiliates, and any of its/their respective officers, directors, managers, members, partners, shareholders, independent contractors and employees (the "Indemnified Parties") harmless from all fines, suits, proceedings, claims, demands, liabilities, injuries, damages, expenses, obligations or actions of any kind (including costs and reasonable attorneys' fees) arising in whole or in part from Franchisee's ownership, operation or occupation of the Franchised Business, performance or breach of its obligations under this Agreement, breach of any warranty or representation in this Agreement or from the acts or omissions of Franchisee, its employees or agents, including its advertising of the Franchised Business, except as otherwise provided in this Agreement. Franchisor and any Indemnified Party shall promptly give Franchisee written notice of any claim for indemnification under this Section 7.2. Any failure to give the notice shall not relieve Franchisee of any liability under this Agreement except to the extent the failure or delay causes actual material prejudice. Franchisor shall have the right to control all litigation and defend and/or settle any claim against Franchisor or other Indemnified Parties affecting Franchisor's interests, in any manner Franchisor deems appropriate. Franchisor may also retain its own counsel to represent Franchisor or other Indemnified Parties and Franchisee shall either advance or reimburse Franchisor's costs, at Franchisor's discretion. Franchisor's exercise of this control over the litigation shall not affect its rights to indemnification under this Section 7.2. Franchisee may not consent to the entry of judgment with respect to, or otherwise settle, an indemnified claim without the prior written consent of the applicable Indemnified Parties. Franchisor and the other Indemnified Parties do not have to seek recovery from third parties or otherwise attempt to mitigate losses to maintain a claim to indemnification under this Section 7.2. The provisions of this Section 7.2 shall survive the termination or expiration of this Agreement.

7.3. **Payment of Debts**. Franchisee understands that it alone, and not Franchisor, is responsible for selecting, retaining and paying its employees; the payment of all invoices for the purchase of inventory and goods and services for use in the Franchised Business; and determining whether, and on what terms, to obtain any financing or credit which Franchisee deems advisable or necessary for the conduct and operation of the Franchised Business.

7.4. **Noncompetition**.

7.4.1. **During the Term of This Agreement.** During the term of this Agreement, neither Franchisee, its equity owners nor any spouse of Franchisee or its equity owners shall, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation own, maintain, engage in, be employed by, or have any interest in any other business of a character and concept similar to the Restaurant, including a deli-style restaurant or a business which primary offers deli-style sandwiches (a "Competing Business"); provided, however, that this Section shall not apply to Franchisee's operation of any other Franchised Business. If Franchisee has a separate entity offering services and/or products that includes but are not limited to: Gas stations, liquor stores, convenience stores, specialty retail or food stores, snack shops and other food or beverage related products or services offering similar products and services of an Deli Delicious Restaurant the existence of same must be disclosed to Franchisor prior to signing this Agreement, or if the business is later acquired, prior to any such acquisition.

During the term of this Agreement, neither Franchisee, its equity owners nor any spouse of Franchisee or its equity owners shall, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation solicit business from customers of Franchisee's Franchised Business for any competitive business purpose.

During the term of this Agreement, neither Franchisee, its equity owners nor any spouse of Franchisee or its equity owners shall, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership, corporation or other entity own, maintain, engage in, be employed by, or have any interest in any company which grants franchises or licenses for any business competing in whole or in part with Franchisor.

7.4.2. **Intent and Enforcement**. It is the intent of the parties that the provisions of this Section 7.4 shall, to the fullest extent permissible under applicable law, be judicially enforced; accordingly, any reduction in scope or modification of any part of the noncompetition provisions contained in this Agreement shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 7.4 by Franchisee, any of its equity owners or any spouse of Franchisee or any of its equity owners, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. In the event of the actual or threatened breach of this Section 7.4, Franchisor's harm shall be irreparable and Franchisor shall have no adequate remedy at law to prevent the harm. Franchisee acknowledges and agrees on its own behalf and on behalf of the persons who are liable under Section 7.4 that each has previously worked or been gainfully employed in other fields and that the provisions of Section 7.4 in no way prevent any of these persons from earning a living. Franchisee further acknowledges and agrees that the provisions of Section 7.4 shall be tolled during any default of this Agreement.

7.4.3. **Publicly-Owned Entity**. This Section 7.4 shall not apply to any ownership by Franchisee or any other person subject to Section 7.4 of a beneficial interest of less than 1% in the outstanding securities or partnership interests in any publicly-held entity.

7.4.4. **Non-Disparagement**. During the term of this Agreement and for a period of 2 years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause Franchisee agrees not to disparage Franchisor, its parents, affiliate or any of their current and former employees, officers or directors. During the term of the Agreement, Franchisee also agrees not to do or perform any act harmful, prejudicial or injurious to Franchisor or the Deli Delicious System.

7.5. **Telephone**. Franchisee shall obtain at its own expense a new telephone number and listing, to be listed under the Deli Delicious name and not under Franchisee's corporate, partnership, or individual name, to be used exclusively in connection with Franchisee's operation of the Franchised Business. Upon the expiration and nonrenewal, transfer or termination of this Agreement for any reason, Franchisee shall terminate its use of such telephone number and listing and assign same to Franchisor or its designee and Franchisee shall execute Franchisor’s form of Telephone, Internet Websites and Listings Agreement (a copy of Franchisor’s current form is attached as Exhibit 10). The Franchised Business shall be serviced by a suitable telephone system approved by Franchisor. Franchisee shall answer the telephone in the manner set forth by Franchisor in the Confidential Operations Manual or otherwise.

7.6. **Insurance**. At all times during the term of this Agreement and at its own expense, Franchisee shall obtain and keep in force at a minimum the insurance required by Franchisor in the Confidential Operations Manual or otherwise, and deductibles, if any, may only be permitted in amounts as approved by Franchisor. The policies must contain certain clauses approved by Franchisor and must be “occurrence” coverage rather than “claims made” coverage, unless otherwise expressly agreed by Franchisor. If the lease for the Franchised Business requires Franchisee to purchase additional insurance or insurance with higher limits than those Franchisor specifies, the lease insurance requirements shall control. All insurance policies shall contain a separate endorsement using ISO form CG2029 or equivalent (no blanket additional insured language is acceptable) naming Franchisor, its officers, directors, managers, members, limited partners, general partners, shareholders, parents, affiliates, independent contractors and employees as additional insureds, and shall expressly provide that any interest of an additional insured shall not be affected by Franchisee’s breach of any policy provisions or any negligence on the part of an additional insured. All policies shall also include a waiver of subrogation in favor of the additional insureds. All insurance must be written by an insurance carrier with an A. M. Best and Standard and Poor’s rating of at least “A” or better. All policies shall be written by an insurance carrier accepted in writing by Franchisor. Franchisor may require that Franchisee obtain coverage from a carrier it designates. Franchisor's acceptance of an insurance carrier does not constitute Franchisor's representation or guarantee that the insurance carrier shall remain a going concern or capable of meeting claim demands during the term of the insurance policy. Defense costs cannot erode policy limits. No insurance policy shall be subject to cancellation, termination, nonrenewal or material modification, except upon at least 30 days' prior written notice from the insurance carrier to Franchisor. Upon Franchisor's request, Franchisee shall provide Franchisor with a currently issued certificate of insurance evidencing coverage in conformity with the provisions of this Section 7.6. If Franchisee fails to comply with at least the minimum insurance requirements set forth by Franchisor, Franchisor may obtain the insurance and keep the insurance in force and effect and Franchisee shall pay Franchisor, on demand, the cost of the premium plus Franchisor’s then-current administrative fee in connection with obtaining the insurance. Franchisor may also choose to terminate the Franchise Agreement for failure to obtain required insurance. Franchisor may increase or otherwise modify the minimum insurance requirements upon 30 days prior written notice to Franchisee, and Franchisee shall comply with any such modification. Franchisee’s obligation to obtain the required policies in the amounts specified is not limited in any way by any insurance Franchisor maintains. Franchisee’s obligation to maintain the insurance does not relieve Franchisee of any liability under the indemnity provisions of Section 7.2. If Franchisee will be engaging in any construction, renovation or build-out of the premises for the Franchised Business, either Franchisee or Franchisee’s third party contractor must have in force for the duration of said project, Commercial General Liability insurance and Worker’s Compensation and Employer’s Liability insurance in the amounts required by Franchisor as well as Builder’s Risk insurance in an amount approved by Franchisor.

7.7. **Publicity**. Franchisee shall permit Franchisor or its designee, at Franchisor's expense, to enter upon the premises of the Franchised Business, both interior and exterior, for the purpose of taking or making photographs, slides, drawings, or other such images ("pictures") of the Franchised Business. Franchisee agrees that Franchisor may use the pictures for publicity and other legal purposes without any remuneration to Franchisee in connection with the use of the pictures. Franchisor also reserves the right to require Franchisee to place a “franchises available” sign at a location Franchisor designates at the Franchised Business.

7.8. **Distribution**. Franchisor or its affiliates may distribute products identified by the Proprietary Marks or other marks owned or licensed by Franchisor or its affiliates through any distribution method which periodically may be established or licensed by Franchisor or its affiliates and may franchise or license others to do so, except as otherwise set forth in this Agreement.

7.9. **Image.** The Deli Delicious System has been developed to deliver products and services which distinguish Deli Delicious Restaurants from other businesses which offer similar products and services. Therefore, Franchisor requires Franchisee to offer products and services and operate the Franchised Business in such a manner which shall serve to emulate and enhance the image intended by Franchisor for the Deli Delicious System. Each aspect of the Deli Delicious System is important not only to Franchisee but also Franchisor, its parent, predecessor and affiliate, and other Deli Delicious franchisees in order to maintain the highest operating standards, achieve system wide uniformity and increase the demand for the products sold and services rendered by Deli Delicious System franchisees, Franchisor and its parent, predecessor and affiliate. Franchisee shall comply with the standards, specifications and requirements set forth by Franchisor in order to uniformly convey the distinctive image of a Deli Delicious Restaurant.

8. SALE OR TRANSFER

8.1. **Consent to Transfer**. Franchisee's rights under this Agreement are personal, and if Franchisee is an individual, Franchisee shall not change, sell, transfer, assign or encumber its percentage of ownership interest in this Agreement or the Franchised Business, without the prior written consent of Franchisor. Any unauthorized transfer by Franchisee shall constitute a material breach of the Agreement and shall be voidable by Franchisor. If Franchisee is an entity, Section 8.3 shall govern.

8.2. **Death or Disability.** In the event of the death, disability or incapacity of any individual Franchisee or officer or director or member of an incorporated Franchisee or limited liability company or partner of a partnership Franchisee, should the decedent's or disabled or incapacitated person's executor, heir or legal representative, or the business entity, as the case may be, wish to continue as Franchisee under this Agreement, such person shall apply for Franchisor's consent, execute the then-current franchise agreement, and complete the training program to Franchisor's satisfaction, as applicable, as in any other case of a proposed transfer of Franchisee's interest in this Agreement. Such assignment by operation of law shall not be deemed a violation of this Agreement, provided the heirs or legatees or business entity meet the conditions imposed by this Agreement and are acceptable to Franchisor.

If Franchisee is a business entity, this Agreement shall continue in effect upon the death of the largest equity owner, provided that the active management of the business entity shall remain stable and reasonably satisfactory to Franchisor in its sole discretion.

Franchisee's executor, heir or legal representative shall have 60 days from the date of death, disability or incapacity to designate an operator that is acceptable to Franchisor and within 120 days must execute Franchisor's then-current franchise agreement or transfer the franchise rights and business upon the terms and conditions set forth in this Agreement (except that the term shall be the balance of Franchisee's term). At the conclusion of the balance of the term, the new franchisee may exercise any or all of the then applicable renewal rights.

8.3. **Entity Ownership Changes.** A transfer requiring the prior written consent of Franchisor shall be deemed to occur upon any sale, transfer, assignment or encumbrance of Franchisee’s interest in this Agreement or the Franchised Business. Additionally, a transfer requiring consent shall be deemed to occur (i) if Franchisee is a corporation or limited liability company, upon any change, assignment, sale, pledge or transfer of any of the voting stock or membership interests of Franchisee including any ownership restructuring of Franchisee or of any owners of Franchisee; or (ii) if Franchisee is a partnership, upon the change, assignment, sale, pledge or transfer of any partnership ownership, including an ownership restructuring of Franchisee or of any owners of Franchisee. Franchisee shall notify Franchisor of any change in stock ownership, membership interests or partnership ownership interests in Franchisee while this Agreement is in effect which shall result in a change, sale, transfer or assignment within the meaning of this Section 8.3. A transfer as a result of the death, disability or incapacity of a partner, shareholder or member in accordance with Section 8.2, or a transfer to an inter vivos trust where the transferring Franchisee, partner, shareholder or member is the only grantor beneficiary other than a spouse, shall not be a violation of this Agreement or a ground for termination; any such ownership change shall not be subject to Franchisor's right of first refusal under Section 8.3.1. Any unauthorized transfer by Franchisee shall constitute a material breach of the Agreement and shall be voidable by Franchisor..

8.3.1. **Right of First Refusal.** If Franchisee or its equity owners propose to transfer or assign any of Franchisee's interest in this Agreement or in the business conducted under this Agreement or in Franchisee to any third party (other than as specifically excluded herein) in connection with a bona fide offer from such third party, Franchisee or its equity owners shall first offer to sell to Franchisor, Franchisee's or its equity owners' offered interest. Franchisee or its equity owner shall obtain from the third party offeror an earnest money deposit (of at least 15% of the offering price) and deliver to Franchisor a statement in writing, signed by the offeror and by Franchisee, of the terms of the offer. In the event of Franchisee's insolvency or the filing of any petition by or against Franchisee under any provisions of any bankruptcy or insolvency law, an amount and terms of purchase shall be established by an appraiser chosen by the bankruptcy court or by the chief judge of the federal district court of Franchisee's district and Franchisee or Franchisee's legal representative shall deliver to Franchisor a statement in writing incorporating the appraiser's report. Franchisor shall then have 30 days from its receipt of either statement to accept the offer by delivering written notice of acceptance by Franchisor or its nominee to Franchisee or its equity owner. The acceptance shall be on the same terms as stated in the statement delivered to Franchisor; provided, however, Franchisor or its nominee shall have the right to substitute equivalent cash for any noncash consideration included in the offer. If the parties cannot agree within a reasonable time on the equivalent cash for any noncash consideration, Franchisor shall designate an independent appraiser and the appraiser's determination shall be binding. If Franchisor or its nominee elects not to accept the offer within the 30 day period, Franchisee or its equity owner shall be free for 90 days after such period to complete the transfer described in the statement delivered to Franchisor, but only with the prior written consent of Franchisor and subject to the conditions for approval set forth in Section 8.3.2. Franchisee and its equity owners shall affect no other sale or transfer of this Agreement or Franchisee's interest in this Agreement or the business conducted under this Agreement or the interest in Franchisee, without first offering or reoffering the same to Franchisor in accordance with this Section 8. If in Franchisor's opinion there is a material change in the terms of the offer, the offer shall be deemed a new proposal and Franchisee or its equity owner shall be required to grant Franchisor or its nominee a right of first refusal with respect to such offer.

8.3.2. **Conditions for Approval.** Franchisor may condition its approval of any proposed sale, assignment, encumbrance or transfer of the Franchised Business or of Franchisee's interest in this Agreement or of the interest in Franchisee or its owners upon satisfaction of the following requirements:

8.3.2.1. All of Franchisee's accrued monetary obligations to Franchisor, its parent, predecessor or affiliate and any supplier for the Franchised Business have been satisfied;

8.3.2.2. All existing defaults under the Franchise Agreement or any other agreements with Franchisor have been cured within the period permitted for cure;

8.3.2.3. Franchisee (and its equity owners if Franchisee is a business entity), has executed a general release under seal, in a form satisfactory to Franchisor of any and all claims against Franchisor and its parent, predecessor and affiliate and their officers, directors, partners, shareholders, agents, employees, attorneys and accountants in their corporate and individual capacities; provided, however, the release shall not release any liability specifically provided for by any applicable state statute regulating franchising;

8.3.2.4. Franchisee has provided Franchisor a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules;

8.3.2.5. The transferee has demonstrated to Franchisor's satisfaction that it meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations of this Agreement; however, transferee shall not be in the same business as Franchisor either as licensor, franchisor, independent operator or licensee of any other business, chain or network which is similar in nature or in competition with Franchisor or any Deli Delicious Restaurant, except that the transferee may be an existing franchisee of Franchisor;

8.3.2.6. The transferee has executed Franchisor's then-current Franchise Agreement, at Franchisor's option;

8.3.2.7. Franchisee has complied, to Franchisor's satisfaction, or Franchisee or the transferee have agreed to comply with and have made arrangements satisfactory to the Franchisor to comply with all obligations to remodel, refurbish, and improve the Franchised Business as required by this Agreement to conform to Franchisor's then-current standards and trade dress;

8.3.2.8. Franchisee or transferee has paid Franchisor a transfer fee equal to $7,500, plus applicable broker fees;

8.3.2.9. The transferee or the Operating Principal, and its General Manager shall complete Franchisor's training program to Franchisor's satisfaction at the transferee's own expense within the time frame set forth by Franchisor; and

8.3.2.10. Franchisee acknowledges and agrees that the post-termination provisions of this Agreement shall survive the transfer of the Franchised Business.

8.3.2.11. Franchisor, Franchisee, Transferee and any Guarantors enter into Franchisor's then-current form of Transfer Agreement. Franchisor's current form of Transfer Agreement is attached hereto and Exhibit 8.

8.3.2.12. The Transferee demonstrates it has received approval from the landlord to take over possession of the Franchised Business' lease.

8.4. **Transfer to a Corporation or Limited Liability Company.** If Franchisee is one or more individuals or a partnership, Franchisee may do a one-time assignment of its rights under this Agreement to a corporation or limited liability company for convenience of ownership, provided:

8.4.1. The corporation or limited liability corporation is newly organized and its activities are confined to operating the Franchised Business;

8.4.2. Franchisee owns 100% of the outstanding shares of the corporation or interests in the limited liability company, and if Franchisee is more than one individual each individual shall have the same proportionate ownership interest in the new entity that he or she had in this Agreement and the Franchised Business prior to the transfer, otherwise the transfer may be considered a regular transfer subject to payment of a transfer fee;

8.4.3. The corporation or limited liability company agrees in writing to assume all of Franchisee's obligations under this Agreement in a form acceptable to Franchisor (a copy of Franchisor's current form agreement is attached as Exhibit 9);

8.4.4. All stockholders of the corporation, or members and managers of the limited liability company, and any spouses, personally guarantee prompt payment and performance by the corporation or limited liability company, as applicable, of all its obligations to Franchisor under the

Agreement and agree to all covenants, including all non-competition covenants set forth in Section 7.4;

8.4.5. Each stock certificate of the corporate franchisee shall have conspicuously endorsed upon its face a statement, in a form satisfactory to Franchisor, that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement; the operating agreement of any limited liability company and any membership certificates shall contain a similar limitation; and

8.4.6. Franchisee shall promptly provide Franchisor a copy of, as applicable: (i) the transferee corporation's Articles of Incorporation, Bylaws, resolutions including, without limitation, the resolutions of the Board of Directors authorizing entry into this Agreement; or (ii) the limited liability company's certificate of organization; and all other governing documents.

Franchisee is not required to pay Franchisor a transfer fee with respect to a transfer in accordance with this Section 8.4. However, Franchisor may seek reimbursement of its expenses in connection with a transfer under this Section 8.4.

8.5. **Secured Interests and Securities**.

8.5.1. Franchisee shall not grant, and shall not permit a transfer in the nature of a grant, of a security interest in this Agreement.

8.5.2. If Franchisee is a corporation, it shall maintain stop transfer instructions against the transfer on its records of any securities with voting rights subject to the restrictions of this Section 8 and shall issue no such securities upon the face of which the following printed legend does not legibly and conspicuously appear:

> The transfer of this stock is subject to the terms and conditions of a Franchise Agreement between [Franchisor] and the corporation dated _________________, 20____. Reference is made to the Franchise Agreement and to the Articles of Incorporation and Bylaws of this corporation.

8.6. **Transfer by Franchisor**. Franchisor may sell, transfer, assign and/or encumber all or any part of its interest in itself or the Franchise Agreement.

9. BREACH AND TERMINATION

9.1. **Termination by Franchisee.** Franchisee may terminate this Agreement for cause if Franchisor is in breach of any material provision of this Agreement, by giving Franchisor written notice within 60 days of the event or circumstances giving rise to the breach. Franchisee must be in material compliance with this Agreement. The notice shall state specifically the nature of the breach and allow Franchisor 90 days after receipt of the notice to correct the breach. Franchisee’s failure to give timely written notice of any breach shall be deemed to be a waiver of Franchisee’s right to complain of that breach. If Franchisor fails to cure any material breach within the 90 day cure period, Franchisee may terminate this Agreement for that reason by providing written notice to Franchisor, except if the breach is not susceptible to cure within 90 days, but Franchisor takes action within 90 days to begin curing the breach and acts diligently to complete the corrective action within a reasonable time, Franchisor shall be deemed to have timely cured the breach. Franchisee’s termination will be effective only if Franchisee signs all documentation that Franchisor requires, including a release.

9.2. **Termination by Franchisor.** If Franchisee is in breach of any obligation under this Agreement, and Franchisor delivers a notice of termination, Franchisor has the right to suspend its performance of any of its obligations under this Agreement including, without limitation, the sale or supply of any services or products for which Franchisor is a supplier, whether directly or indirectly. Franchisor may terminate this Agreement under the following circumstances:

9.2.1. **With Cause and With Opportunity to Cure**. If Franchisee is in breach of any material provision of this Agreement not listed in Section 9.2.2, by giving Franchisee written notice of the event or circumstances giving rise to the breach. The notice will state specifically the nature of the breach and allow Franchisee the following amount of time to correct the breach after receipt of notice:

(i) 10 days if the failure relates to Franchisee's failure to retain a qualified replacement General Manager in the time period required;

(ii) 15 days if the failure relates to Franchisee's failure to make any payment of money to Franchisor or its parent, predecessor or affiliate; and

(iii) 30 days if the failure relates to Franchisee's failure to make any payment of money to any other third party (other than Franchisor or its parents, predecessors or affiliates) or for any other breach not listed in this Section 9.2.1 or in Section 9.2.2.

If Franchisee fails to cure any material breach within the applicable cure period, Franchisor may terminate this Agreement for that reason by providing written notice to Franchisee, except if the breach is not susceptible to cure within the time permitted, but Franchisee takes action within the time permitted to begin curing the breach and acts diligently to complete the corrective action within a reasonable time, Franchisee shall be deemed to have timely cured the breach. For purposes of this Agreement, Franchisee's alleged breach of this Agreement shall be deemed cured if both Franchisor and Franchisee agree in writing that the alleged breach has been corrected.

9.2.2. **With Cause and Without Opportunity to Cure.** Franchisor may terminate this Agreement upon written notice without giving Franchisee opportunity to cure for any of the following breaches or defaults:

(i) **Criminal Acts**. If Franchisee or any owner of Franchisee is convicted of or pleads guilty or no contest to a felony or commits any criminal acts involving moral turpitude or other criminal acts which may affect the reputation of the Franchised Business, the System or goodwill of the Proprietary Marks.

(ii) **Fraud**. If Franchisee or any owner of Franchisee commits fraud in the operation of the Franchised Business.

(iii) **Misrepresentation**. If Franchisee or any owner of Franchisee misrepresents anything in any way (including through omission of information) in connection with the franchise application.

(iv) **Voluntary Bankruptcy.** If Franchisee or any owner of Franchisee makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, is adjudicated a bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, consents to or acquiesces in the appointment of a trustee or receiver for Franchisee or the Franchised Business or has a levy against Franchisee's business property.

(v) **Involuntary Bankruptcy.** If proceedings are commenced to have Franchisee or any owner of Franchisee adjudicated as bankrupt or to seek a reorganization of Franchisee under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within 60 days, or a trustee or receiver is appointed for Franchisee or the Franchised Business without Franchisee's consent, and the appointment is not vacated within 60 days.

(vi) **Taxes and Liens.** If taxes are not paid when due or a levy or writ of attachment or execution or any other lien is placed against Franchisee, any partner of Franchisee if Franchisee is a partnership, or any guarantor of Franchisee under Section 14 or any of their assets which is not released or bonded against within 60 days.

(vii) **Insolvency.** If Franchisee, any partner of Franchisee, or the majority equity owner of Franchisee is insolvent.

(viii) **Repeated Breaches.** If Franchisor sends Franchisee 3 or more written notices to cure any defaults in any 12 month period.

(ix) **Breach of Other Agreements.** If Franchisee or any owner of Franchisee materially breaches any other agreement with: Franchisor, its parent, predecessor or affiliate.

(x) **Intentional Underreporting or Misstatement.** If Franchisee or any owner intentionally underreports or misstates any information required to be reported to Franchisor under this Agreement, including but not limited to Gross Revenues required to be reported under this Agreement or otherwise maintains false books or records.

(xi) **Abandonment.** If Franchisee voluntarily or otherwise abandons the Franchised Business. The term "abandon" means conduct of Franchisee which indicates a desire or intent to discontinue the Franchised Business in accordance with the terms of this Agreement and shall apply in any event if Franchisee fails to operate the Franchised Business as a Deli Delicious Restaurant for a period of 3 or more consecutive days without the prior written approval of Franchisor.

(xii) **Failure to Open Franchised Business or Open Without Authorization**. If Franchisee fails to open the Franchised Business during the time periods set forth in this Agreement or opens without obtaining the required approvals.

(xiii) **Public Health and Safety**. If a threat or danger to public health or safety results from the maintenance or operation of the Franchised Business or any violation of health or safety law occurs at the Franchised Business.

(xiv) **Restrictive Covenants**. Upon any violation of any restrictive covenants set forth in this Agreement (including those regarding confidentiality and competition) or failure to execute any required covenants.

(xv) **Failure to Locate an Accepted Location**. If Franchisee fails to locate a suitable Accepted Location in the time period required.

(xvi) **Insurance**. If Franchisee fails to maintain required insurance coverage.

(xvii) **Unauthorized Transfer or Failure to Transfer**. If a transfer occurs without meeting the requirements set forth in Section 8 of this Agreement or if a transfer does not occur as required following an event of death or disability.

(xviii) **Failure to Complete Training**. If Franchisee or any required employee fails to complete training to Franchisor's satisfaction.

(xix) **Loss of Occupancy**. If Franchisee loses the right to occupy the Franchised Business premises.

(xx) **Dissolution.** If Franchisee is an entity and becomes dissolved.

(xxi) **Proprietary Marks**. If Franchisee or any owner uses the Proprietary Marks in an unauthorized manner.

(xxii) **Breach of Law**. If Franchisee or its owners breaches any applicable law in relation to the operation of the Franchised Business.

(xxiii) **Insufficient Funds.** If there are 3 or more insufficient funds fees in any 12 months period.

(xxiv) **Unauthorized Sales**. If Franchisee sells unauthorized products or services or sells products or services at an unauthorized location or in an unauthorized forum.

(xxv) **Unethical Behavior.** If Franchisee or Franchisee's owners engage in dishonest or unethical behavior.

9.3. **Nonwaiver.** Franchisor's delay in exercising or failure to exercise any right or remedy under this Agreement or Franchisor's acceptance of any late or partial payment due under this Agreement or any other agreement between Franchisor and Franchisee or Franchisor's consent to a transfer of any interest in Franchisee shall not constitute a waiver of any of Franchisor's rights or remedies against Franchisee.

9.4. **Liquidated Damages.** If Franchisor terminates this Agreement for Cause, Franchisee must pay, within 15 days after the effective date of termination, liquidated damages equal to the average monthly Royalty Fees owed to Franchisor during the 12 months of operation preceding the effective date of termination (or the period of operation if less than 12 months) multiplied by: (a) 24 (being the number of months in two full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is higher.

10. RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION

10.1. **Franchisee's Obligations.** Upon termination of this Agreement by either Franchisor or Franchisee, regardless of the cause, and upon expiration and nonrenewal or transfer of this Agreement, Franchisee shall:

10.1.1. Cease immediately all operations under this Agreement;

10.1.2. Pay immediately to Franchisor all unpaid fees and pay Franchisor, its parent, predecessor or affiliate and any supplier for the Franchised Business all other monies owed them;

10.1.3. Discontinue immediately the use of the Proprietary Marks;

10.1.4. Immediately return the Confidential Operations Manual to Franchisor and all other manuals and Confidential Information loaned to Franchisee by Franchisor and immediately cease to use the Confidential Information (all electronically stored copies should be deleted once returned to Franchisor);

10.1.5. Immediately cease using all telephone numbers and listings used in connection with the operation of the Franchised Business and direct the telephone company and/or internet provider to transfer all such numbers and listings to Franchisor or its designee or, if Franchisor so directs, to disconnect the numbers;

10.1.6. Promptly surrender all stationery, printed matter, signs, advertising materials and other items containing the Proprietary Marks as directed by Franchisor and all items which are a part of the trade dress of the Deli Delicious System;

10.1.7. Sell to Franchisor or its designee, at Franchisor's option, (i) all inventory in useable form bearing the Proprietary Marks and (ii) any furnishings, equipment, seating, tables, desks signs or fixtures Franchisor elects to purchase at the original purchase price thereof or at its then-current value if less than the original purchase price, in Franchisor's judgment, within 15 days following the date of termination or expiration;

10.1.8. If Franchisor elects to assume Franchisee's lease, immediately vacate the premises or, if Franchisor does not elect, immediately change the appearance of the premises inside and outside, including trade dress, signs, furnishings and fixtures, so that they no longer resemble a Deli Delicious Restaurant and to protect the Proprietary Marks, including any changes Franchisor specifically requests. If Franchisee fails to make the modifications or alterations, Franchisor will have the right to re-enter the premises and do so and charge Franchisee its costs plus a reasonable administrative fee in its sole discretion;

10.1.9. Cease to hold itself out as a franchisee of Franchisor;

10.1.10. Take action necessary to amend or cancel any assumed name, business name or equivalent registration which contains any trade name or other Proprietary Mark licensed by Franchisor and furnish Franchisor evidence satisfactory to Franchisor of compliance with this obligation within 30 calendar days after the termination, expiration or transfer of this Agreement;

10.1.11. Permit Franchisor to make final inspection of Franchisee's financial records, books, and other accounting records within 6 months of the effective date of termination, expiration, or transfer; and

10.1.12. Comply with the post-termination covenants set forth in Section 7.4, all of which shall survive the transfer, termination or expiration of this Agreement.

10.1.13. Sign a release (subject to state law)

10.1.14. Pay liquidated damages as required under this agreement (if applicable).

10.2. **Power of Attorney.** Franchisor is hereby irrevocably appointed as Franchisee's attorney-in-fact to execute in Franchisee's name and on Franchisee's behalf all documents necessary to discontinue

Franchisee's use of the Proprietary Marks and the Confidential Information.

11. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be either personally delivered; sent by nationally recognized overnight courier (Ex: FedEx); sent by certified or registered mail, return receipt requested; or sent by email (provided that the sender also sends a copy by certified or registered mail or recognized overnight courier contemporaneously) to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party. Notwithstanding the foregoing, Franchisee's knowledge of a change in Franchisor's principal place of business shall be deemed adequate designation of a change and notice shall be sent to Franchisor's new address.

Franchisee: ______________________
____

Franchisor: 2495 West Shaw Ave.
Fresno, CA 93711

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of email, upon confirmation of receipt (or confirmation of delivery via contemporaneous methods required above, whichever occurs first) or, in the case of overnight courier, on the next business day after mailing, or in the case of registered or certified mail, three (3) business days after the date and time of mailing.

12. INTERPRETATION

12.1. **Amendments**. **THIS AGREEMENT, INCLUDING ANY EXHIBITS AND ADDENDA, CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES REGARDING THE SUBJECT MATTER OF THIS AGREEMENT AND SUPERSEDES ALL PRIOR UNDERSTANDINGS OR AGREEMENTS, WHETHER ORAL, OR WRITTEN, PETAINING TO ANY RIGHTS OR OBLIGATIONS IN THIS AGREEMENT. THIS AGREEMENT MAY NOT BE CHANGED, EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. HOWEVER, FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR MAY MODIFY ITS STANDARDS, SPECIFICATIONS AND CONFIDENTIAL OPERATIONS MANUAL AS FRANCHISOR, IN ITS SOLE DISCRETION, DEEMS NECESSARY. FRANCHISOR WILL ALSO HAVE THE RIGHT TO UNILATERALLY REDUCE THE SCOPE OF ANY COVENANTS OF FRANCHISEE CONTAINED IN THIS AGREEMENT UPON NOTICE TO FRANCHISEE, WHEREUPON FRANCHISEE WILL COMPLY WITH THE REDUCED COVENANTS, AS MODIFIED. NOTHING IN THIS AGREEMENT IS INTENDED TO DISCLAIM ANY INFORMATION CONTAINED IN THE FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT.**

12.2. **Choice of Law and Selection of Venue.** Except as otherwise set forth in Sections 12.3 and 12.4, this Agreement shall be governed by the laws of the State of California and any action at law or equity instituted against either party to this Agreement shall be commenced only in the then-current State and County where Franchisor's corporate headquarters is located. Franchisee hereby irrevocably consents to the personal jurisdiction of the courts in the then-current State or County where Franchisor's corporate headquarters is located, as set forth above.

12.3. **Injunctive Relief**. Nothing in this Agreement shall prevent Franchisor from obtaining injunctive relief against actual or threatened conduct that shall cause it loss or damages, in any appropriate forum under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions.

12.4. **Mediation; Arbitration**. The parties agree to mediate any dispute or claim arising between them out of this Agreement (and attachments) or any resulting transaction before resorting to arbitration. Mediation fees, if any, shall be divided equally among the parties involved. If, for any dispute or claim to which this paragraph applies, any party commences an action without first attempting to resolve the matter through mediation or refuses to mediate after a request has been made, then that party shall not be entitled to recover attorney's fees. This mediation provision applies whether or not the arbitration provision is initiated. Except as set forth in Section 12.3 above and the obligation to mediate herein, disputes and claims relating to this Agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement, will be submitted to arbitration at the office of the American Arbitration Association ("AAA") responsible for administering claims filed in the then-current County and State where Franchisor's corporate headquarters is located, in accordance with the Commercial Arbitration Rules of the AAA to the extent such rules are not inconsistent with the provisions of this arbitration provision. The Federal Arbitration Act shall govern the interpretation and enforcement of this provision and the proceedings hereunder. To the extent state law is applicable under the Federal Arbitration Act, the law of the state of California shall apply. The statute of limitations of the state of California shall be strictly enforced.

The following shall supplement and, in the event of a conflict, shall govern any dispute submitted to arbitration. The parties shall select one arbitrator from the panel provided by the AAA. In selecting the arbitrator from the list provided by the AAA, the Franchisor and Franchisee shall make the selection by the striking method. The arbitrator shall apply the Federal Rules of Evidence at the hearings. The prevailing party shall be entitled to recover from the non-prevailing party all costs of arbitration, including, without limitation, the arbitrator's fee, attorneys' fees, interest, and costs of investigation. Arbitration andmediation shall take place in the then-current County and State where the Franchisor's corporate headquarters is located.

The arbitrator shall have no authority to amend or modify the terms of the Agreement, except as provided for herein. The Franchisor and Franchisee further agree that, unless such a limitation is prohibited by applicable law, neither the Franchisor nor Franchisee shall be liable for punitive or exemplary damages, and the arbitrator shall have no authority to award the same. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between the Franchisor and Franchisee. Judgment upon the award of the arbitrator may be submitted for confirmation to the applicable United States District Court or the Courts of the then-current County and State where Franchisor's corporate headquarters is located, and, if confirmed, may be subsequently entered in any court having competent jurisdiction. This agreement to arbitrate shall survive any termination or expiration of this Agreement.

12.5. **Construction of Language.** The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Franchisee, their obligations and liabilities shall be joint and several. Headings are for reference purposes and do not control interpretation. The BACKGROUND Section at the beginning of this Agreement contains contractual terms that are not mere recitals.

12.6. **Successors.** References to Franchisor or Franchisee include their successors, assigns or transferees, subject to the limitations of this Agreement.

12.7. **Severability.** If any provision of this Agreement is deemed invalid or inoperative for any reason, that provision shall be deemed modified to the extent necessary to make it valid and operative or, if it cannot be so modified, it shall then be severed, and the remainder of that provision shall continue in full force and effect as if this Agreement had been signed with the invalid portion so modified or eliminated; provided, however, that if any part of this Agreement relating to payments to Franchisor or its parent, predecessor or affiliate or protection of the Proprietary Marks, or the Confidential Information, including the Confidential Operations Manual and Franchisor's other trade secrets, is declared invalid or unenforceable, then Franchisor at its option may terminate this Agreement immediately upon written notice to Franchisee.

12.8. **No Right to Offset**. Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of the alleged nonperformance of Franchisor or it parent, predecessor or affiliate or as an offset against any amount Franchisor or any of its parent, predecessor or affiliate may owe or allegedly owe Franchisee under this Agreement or any related agreements.

12.9. **Force Majeure.** Neither Franchisor, its parent, predecessor or affiliate nor Franchisee shall be liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if its failure to perform its obligations is not the fault nor within the reasonable control of the person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders. Any delay resulting from any such cause shall extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing or shall excuse performance, in whole or in part, as Franchisor deems reasonable, provided however, in the event that any such delay (i) extends any deadline to open or (ii) prevents the operation of the Franchised Business, in excess of ninety (90) days, Franchisor may, at its option, terminate this Agreement. Nothing herein shall extend the timing for the payment of fees owed by Franchisee to Franchisor nor excuse payment.

12.10. **Rights Cumulative**. No right or remedy under this Agreement shall be deemed to be exclusive of any other right or remedy under this Agreement or of any right or remedy otherwise provided by law or and equity. Each right and remedy will be cumulative.

12.11. **PARTIES. THE SOLE ENTITY AGAINST WHICH FRANCHISEE MAY SEEK DAMAGES OR ANY REMEDY UNDER LAW OR EQUITY FOR ANY CLAIM IS FRANCHISOR OR ITS SUCCESSORS OR ASSIGNS. THE SHAREHOLDERS, MEMBERS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS AND REPRESENTATIVES OF FRANCHISOR AND OF ITS PARENT, PREDECESSOR OR AFFILIATES SHALL NOT BE NAMED AS A PARTY IN ANY LITIGATION OR OTHER PROCEEDINGS COMMENCED BY FRANCHISEE IF THE CLAIM ARISES OUT OF OR RELATES TO THIS AGREEMENT.**

12.12. **LIMITATION OF LIABILITY. TO THE EXTENT PERMITTED BY LAW, IN NO EVENT SHALL FRANCHISOR BE LIABLE FOR ANY INDIRECT, SPECIAL, CONSEQUENTIAL, PUNITIVE OR ANY OTHER DAMAGES THAT ARE NOT DIRECT DAMAGES, REGARDLESS OF THE NATURE OF THE CLAIM FOR DAMAGES.**

12.13. **JURY TRIAL WAIVER. FRANCHISOR AND FRANCHISEE, RESPECTIVELY, WAIVE ANY RIGHT EITHER MIGHT HAVE TO TRIAL BY JURY ON ANY AND ALL CLAIMS**

ASSERTED AGAINST THE OTHER. FRANCHISOR AND FRANCHISEE, RESPECTIVELY, EACH ACKNOWLEDGE THAT THEY HAVE HAD A FULL OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL CONCERNING THIS WAIVER, AND THAT THIS WAIVER IS INFORMED, VOLUNTARY, INTENTIONAL AND NOT THE RESULT OF UNEQUAL BARGAINING POWER.

12.14. **FRANCHISOR AND FRANCHISEE AGREE THAT LITIGATION OR ARBITRATION WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE OR MULTIPLE PLAINTIFF, BASIS UNLESS PROHIBITED BY LAW.**

12.15. **FRANCHISOR APPROVAL AND DISCRETION. TO THE EXTENT THAT FRANCHISOR'S CONSENT OR APPROVAL IS REQUIRED OR ANY DECISION IS SUBJECT TO THE DISCRETION OF THE FRANCHISOR, AND WHENEVER FRANCHISOR EXERCISES A RIGHT, PRESCRIBES AN ACT OR THING, OR OTHERWISE MAKES A CHOICE OR USES DISCRETION, THE PARTIES AGREE THAT FRANCHISOR HAS THE WHOLLY UNRESTRICTED RIGHT TO MAKE DECISIONS AND/OR TAKE (OR REFRAIN FROM TAKING) ACTIONS. FRANCHISOR WILL NOT BE REQUIRED TO CONSIDER FRANCHISEE'S INDIVIDUAL INTERESTS OR THE INTERESTS OF ANY OTHER PARTICULAR FRANCHISEE(S), EVEN IF A PARTICULAR DECISION/ACTION MAY HAVE NEGATIVE CONSEQUENCES FOR FRANCHISEE, A PARTICULAR FRANCHISEE OR GROUP OF FRANCHISEES.**

FRANCHISEE ACKNOWLEDGES AND AGREES THAT THE ULTIMATE DECISION-MAKING RESPONSIBILITY WITH RESPECT TO THE SYSTEM (AMONG OTHER THINGS) MUST BE, AS A PRACTICAL BUSINESS MATTER, VESTED SOLELY IN FRANCHISOR, SINCE FRANCHISEE, FRANCHISOR AND ALL OTHER FRANCHISEES HAVE A COLLECTIVE INTEREST IN WORKING WITHIN A FRANCHISE SYSTEM WITH THE UNRESTRICTED FLEXIBILITY TO QUICKLY ADJUST TO CHANGING BUSINESS CONDITIONS, INCLUDING COMPETITIVE CHALLENGES, NEW REGULATORY DEVELOPMENTS AND EMERGING BUSINESS OPPORTUNITIES. FRANCHISEE UNDERSTANDS AND AGREES THAT FRANCHISOR HAVING SUCH RIGHTS ARE CRITICAL TO ITS ROLE AS FRANCHISOR AND TO OBTAIN THE PARTIES GOALS FOR CONTINUING IMPROVEMENT OF THE DELI DELICIOUS SYSTEM.

12.16. **Execution. This Agreement becomes valid when signed and accepted by Franchisor. This Agreement may be signed in counterparts, each of which when taken together shall form one valid and effective agreement which may be electronically signed, and any digital or electronic signatures (including pdf or electronically imaged signatures provided by DocuSign or any other nationally recognized digital signature provider) will be treated the same as handwritten signatures for the purposes of validity, enforceability and admissibility, and delivery of any such electronic signature, or a signed copy of this Agreement, may be made by email or other electronic transmission.**

13. **REPRESENTATIONS**

13.1. **RECEIPT. THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF THIS AGREEMENT, WITH ALL BLANKS COMPLETED AND WITH ANY AMENDMENTS AND EXHIBITS, AT LEAST 7 CALENDAR DAYS PRIOR TO EXECUTION OF THIS AGREEMENT. IN ADDITION, THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF FRANCHISOR'S**

UNIFORM FRANCHISE DISCLOSURE DOCUMENT AT LEAST 14 CALENDAR DAYS PRIOR TO THE EXECUTION OF THIS AGREEMENT OR FRANCHISEE'S PAYMENT OF ANY MONIES TO FRANCHISOR, REFUNDABLE OR OTHERWISE.

13.2. **EXECUTION OF AGREEMENT. EACH OF THE UNDERSIGNED PARTIES WARRANTS THAT IT HAS THE FULL AUTHORITY TO SIGN AND EXECUTE THIS AGREEMENT. IF FRANCHISEE IS A PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY, THE PERSON EXECUTING THIS AGREEMENT ON BEHALF OF THE BUSINESS ENTITY WARRANTS TO FRANCHISOR, BOTH INDIVIDUALLY AND IN HIS CAPACITY AS PARTNER, OFFICER, MEMBER OR MANAGER, THAT ALL OF THE EQUITY OWNERS OF FRANCHISEE, AS APPLICABLE, HAVE READ AND APPROVED THIS AGREEMENT, INCLUDING ANY RESTRICTIONS WHICH THIS AGREEMENT PLACES UPON RIGHTS TO TRANSFER THEIR INTEREST IN THE BUSINESS ENTITY**.

13.3. **ANTI-TERRORISM LAW COMPLIANCE**. **FRANCHISEE AND ITS EQUITY OWNERS AGREE TO COMPLY WITH, AND TO ASSIST FRANCHISOR, TO THE FULLEST EXTENT POSSIBLE IN FRANCHISOR'S EFFORTS TO COMPLY WITH ANTI-TERRORISM LAWS (DEFINED BELOW). IN CONNECTION WITH THAT COMPLIANCE, FRANCHISEE, AND ITS OWNERS CERTIFY, WARRANT AND REPRESENT THAT NONE OF FRANCHISEE'S, OR ITS EQUITY OWNER'S PROPERTY, OR INTERESTS ARE SUBJECT TO BEING BLOCKED UNDER ANY ANTI-TERRORISM LAWS, AND THAT FRANCHISEE AND ITS OWNERS OTHERWISE ARE NOT IN VIOLATION OF ANY ANTI-TERRORISM LAWS. "ANTI-TERRORISM LAWS" MEANS EXECUTIVE ORDER 13224 ISSUED BY THE PRESIDENT OF THE UNITED STATES, THE USA PATRIOT ACT, AND ALL OTHER PRESENT AND FUTURE FEDERAL, STATE AND LOCAL LAWS, ORDINANCES, REGULATIONS, POLICIES, LISTS AND OTHER REQUIREMENTS OF ANY GOVERNMENTAL AUTHORITY ADDRESSING OR IN ANY WAY RELATING TO TERRORIST ACTS AND ACTS OF WAR. FRANCHISEE SHALL IMMEDIATELY NOTIFY FRANCHISOR OF ANY MISREPRESENTATION OR BREACH OF THIS SECTION**

14. PERSONAL GUARANTEES

If Franchisee is a corporation, general partnership or limited liability company, or subsequent to execution of this Agreement, Franchisee assigns this Agreement to a corporation, general partnership or limited liability company, all shareholders, all general partners or all members and managers, respectively, and the spouses of the foregoing, hereby personally and unconditionally guarantee without notice, demand or presentment the payment of all of Franchisee's monetary obligations under this Agreement as if each were an original party to this Agreement in his or her individual capacity. In addition, all personal guarantors further agree to be bound by the in term and post-term restrictions and requirements of Franchisee as if each were an original party to this Agreement in his or her individual capacity. All personal guarantors shall execute a continuing personal guaranty in the form attached as Exhibit 3. Spouses of owners signing in their individual capacity must sign the guaranty as well.

15. OWNERSHIP OF FRANCHISEE

The Statement of Ownership Interest attached to this Agreement as Exhibit 2 completely and accurately describes all of the equity owners and their interests in Franchisee and Franchisee's Operating Principal. Subject to Franchisor's rights and Franchisee's obligations under Section 8, Franchisee agrees to sign and deliver to Franchisor a revised Statement of Ownership Interest to reflect any permitted changes in the information that Exhibit 2 now contains. Franchisee shall promptly provide Franchisor a copy of, as applicable: (i) any transferee corporation's Articles of Incorporation, Bylaws, resolutions including, without limitation, the resolutions of the Board of Directors authorizing entry into this Agreement; or (ii) any limited liability company's certificate of organization or formation, the Operating Agreement and all other governing documents. If Franchisee is an entity, it must be a single purpose entity and cannot operate any other business using the entity name.

INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE AS OF THE DATE EXECUTED BY FRANCHISOR BELOW.

(FRANCHISEE)

By:_____________________________________

Dated:__________________________________

DELI DELICIOUS FRANCHISING, INC.

By: ____________________________________

Dated:__________________________________

EXHIBIT 1 TO
DELI DELICIOUS FRANCHISING, INC.
FRANCHISE AGREEMENT

The Franchise Agreement (the "Agreement") between DELI DELICIOUS FRANCHISING, INC. ("Franchisor") and _________________ ("Franchisee") authorizes and obliges Franchisee to search for a site in the following Search Area and to open a Franchised Business in the following Accepted Location and Territory:

SEARCH AREA, ACCEPTED LOCATION AND TERRITORY

1. SEARCH AREA

Pursuant to Section 3.2 of the Franchise Agreement, the non-exclusive search area for locating a site for the Franchised Business shall be as follows:

2. ACCEPTED LOCATION

Pursuant to Section 3.1 of the Franchise Agreement, the Franchised Business shall be located at the following Accepted Location:

3. TERRITORY

Pursuant to Section 1.2 of the Franchise Agreement, the Territory shall be:

4. Express Model _______________ Standard Model _______________

(FRANCHISEE)

By:_____________________________________

DATED:___________________

DELI DELICIOUS FRANCHISING, INC.
(FRANCHISOR)

By: ____________________________________

DATED: ____________________

EXHIBIT 2 TO
DELI DELICIOUS FRANCHISING, INC.
FRANCHISE AGREEMENT

Statement of Ownership Interest

Franchisee Owners

1. **Form of Owner**. (Choose (a) or (b))

   (a) **Individual Proprietorship**. List individual(s):

   ____

   ____

   ____

   (b) **Corporation, Limited Liability Company, or Partnership:**

Name: ____________________________
Date of incorporation or formation: ___________
State of incorporation of formation: ___________

The following is a list of your directors/managers/officers, as applicable, and officers as of the date of execution:

Name of Each Director/Manager/Officer	Position(s) Held
____________________________________	____
____________________________________	____
____________________________________	____
____________________________________	____
____________________________________	____
____________________________________	____

2. **Principals**. The following list includes the full name of each person or entity who is one of your owners and fully describes the nature of each owner's interest (attach additional pages if necessary).

	Principal's Name	**Percentage/Description of Interest**
(a)	______________________________	____________________________________
(b)	______________________________	____________________________________
(c)	______________________________	____________________________________
(d)	______________________________	____________________________________

3. **Identification of Operating Principal**. Your Operating Principal is ________________ ____________________(must be one of the individuals listed in paragraph 2 above. You may not change the Operating Principal without prior written approval. The Operating Principal is the person authorized to receive communications regarding this Agreement).

Address: ____
____

E-mail Address:_________________________

FRANCHISEE

By:___________________________________
Name:
Title:

Dated: ____________________

DELI DELICIOUS FRANCHISING, INC.

By: ___________________________________
Name:

Dated: ___________________

EXHIBIT 3 TO
DELI DELICIOUS FRANCHISING, INC.
FRANCHISE AGREEMENT

PERSONAL GUARANTY

The undersigned persons designated as "Principals" hereby represent to Deli Delicious Franchising, Inc. ("Franchisor") that they are all of the shareholders of, or all of the general partners of, all of the members and managers of, ____________________ ("Franchisee"), as the case may be. Each such Principal also represents that his or her spouse is also listed herein as a "Spousal Guarantor". In consideration of the grant by Franchisor to _________________, as provided under the franchise agreement dated _______________, (the "Franchise Agreement"), each of the undersigned agrees, in consideration of benefits received and to be received by each of them, jointly and severally, and for themselves, their heirs, legal representatives and assigns that they, and each of them, shall be firmly bound by all of the terms, provisions and conditions of the foregoing Franchise Agreement, that they and each of them do unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the Franchise Agreement, including, without limitation, any indebtedness of Franchisee arising under or by virtue of the Franchise Agreement to Franchisor and/or its affiliate, and that they and each of them shall not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first notifying Franchisor of said proposed transfer and obtaining the prior written consent of Franchisor, following Franchisor's transfer procedures and without first paying or causing to be paid to Franchisor any required transfer fee. The undersigned further agree to be bound by the in-term and post-termination covenants of the Franchise Agreement including, without limitation, those relating to confidentiality and non-competition. The undersigned also agree that the governing law and methods for resolution of disputes which govern this Guaranty shall be the same as those outlined in the Franchise Agreement.

EACH GUARANTOR ACKNOWLEDGES THAT HE OR SHE HAS READ THIS PERSONAL GUARANTY, UNDERSTANDS ITS TERMS, AND GUARANTOR WOULD NOT SIGN THIS PERSONAL GUARANTY IF GUARANTOR DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

Undersigned:

Principals:	**Spousal Guarantors:**
_________________________	_________________________
Print Name:	Print Name:
Dated: ___________________	Dated:____________________
_________________________	_________________________
Print Name:	Print Name:
Dated: ___________________	Dated:____________________

EXHIBIT 4 TO
DELI DELICIOUS FRANCHISING, INC.
FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned ("Assignor") assigns and transfers to DELI DELICIOUS FRANCHISING, INC., a California corporation ("Assignee"), all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit "A" (the "Lease") respecting premises commonly known as ______________________________(the "Premises"). This Assignment is for collateral purposes only and except as specified in this Agreement, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor there under.

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

Upon a default by Assignor under the Lease or under the franchise agreement between Assignee and Assignor for the operation of a Deli Delicious Restaurant (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor there from, and, in such event, Assignor shall have no further right, title or interest in the Lease.

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

ASSIGNOR:
(Individual, Partnership, Corporation or LLC Name)

By: ______________________________________
Title:_________________________________

ASSIGNEE:
DELI DELICIOUS FRANCHISING, INC.

By: ____________________________________
Title: _____________________________

CONSENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the aforedescribed Lease hereby:

(a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;

(b) Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within 30 days after delivery by Lessor of notice thereof in accordance with Section (a) above;

(c) Consents to the foregoing Collateral Assignment and agrees that if Assignee takes possession of the premises demised by the Lease and confirms to Lessor the assumption of the Lease by Assignee as tenant there under, Lessor shall recognize Assignee as tenant under the Lease, provided that Assignee cures within the 30-day period the defaults, if any, of Assignor under the Lease;

(d) Agrees that Assignee may further assign the Lease to a person, firm or corporation who shall agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Lessor and upon such assignment Assignee shall have no further liability or obligation under the Lease as assignee, tenant or otherwise.

(e) On termination or expiration of the Franchise Agreement or the Lease, Assignee shall have the right to re-enter the Premises and make all necessary modifications or alterations to the Premises including the removal of all articles which display Assignee's proprietary marks. Assignee's re-entry shall not be deemed as trespassing.

DATED:

LESSOR:

____

ASSIGNEE:

DELI DELICIOUS FRANCHISING, INC.

By:______________________________

Title:____________________________

EXHIBIT 5 TO
DELI DELICIOUS FRANCHISING, INC.
FRANCHISE AGREEMENT

CONFIDENTIALITY AGREEMENT
(For employees of the Franchisee)

1. Pursuant to a Franchise Agreement dated _______________, 20___ (the "Franchise Agreement"), ______________________ (the "Franchisee") has acquired the right and franchise from Deli Delicious Franchising, Inc. (the "Franchisor") to establish and operate a Deli Delicious Restaurant (the "Franchised Business") and the right to use in the operation of the Franchised Business the Franchisor's trade names, service marks, trademarks, logos, emblems, and indicia of origin (the "Proprietary Marks"), as they may be changed, improved and further developed from time to time in the Franchisor's sole discretion.

2. The Franchisor, as the result of the expenditure of time, skill, effort and resources, has developed and owns a distinctive format and system (the "System") relating to the establishment and operation of Deli Delicious restaurants. The Franchisor possesses certain proprietary and confidential information relating to the operation of the System, which includes proprietary trade secrets, specifications, security protocols, computer hardware and systems, technology and equipment used, methods of business practices and management, research and development, training processes, operational manuals, presentation materials, recipes, food preparation techniques, vendor agreements, supplier lists, vendor lists, marketing and merchandising strategies, plans for new product or service offerings, financial information, pricing, and knowledge of, and experience in, the operation of the Franchised Business (the "Confidential Information"). Confidential Information shall also expressly include all customer and franchisee personal and business information that I obtain or have access to during my employment, as well as the confidential information of any other third parties to whom the Franchisor owes a duty of confidentiality. Further, any and all information, knowledge, know-how, and techniques which the Franchisor specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

3. In consideration for my access to the Confidential Information as part of my employment with Franchisee, and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree to the terms of this Confidentiality Agreement (the "Agreement").

4. As an employee of Franchisee, the Franchisor and/or Franchisee may disclose the Confidential Information to me via training programs, the Franchisor's Confidential Operations Manuals (the "Manuals"), or the development process during the term of my employment with the Franchisee.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in performing my duties for Franchisee during the term of my employment and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition. I covenant that I will not forward or provide the Confidential Information to any third party, nor store it on any personal or third-party electronic device, disk, drive, or otherwise, unless expressly authorized to do so by the Franchisor.

6. Any work performed by me during my employment with Franchisee in relation to Deli Delicious or the Franchise Agreement and any derivative works created by me using the Confidential Information or any proprietary information of the Franchisor are considered “works made for hire” and I will have no ownership interest in the items created.

7. The Confidential Information is proprietary, involves trade secrets of the Franchisor, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information. Unless the Franchisor otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as an employee of Franchisee, and will continue not to disclose or use any such information even after I cease to be employed by Franchisee, unless I can demonstrate that such information has become generally known to the public or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement, a breach of the employees or associates of Franchisee, or a breach of my own duties or the duties hereunder.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. In the event any provision of this Agreement is ever deemed to exceed the limits permitted by any applicable law, the provisions set forth herein will be reformed to the extent necessary to make them reasonable and enforceable. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of the remaining provisions, all of which are severable and will be given full force and effect.

9. I understand and acknowledge that the Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

10. The Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with Franchisee. I am aware that my violation of this Agreement may cause the Franchisor and Franchisee irreparable harm; therefore, I acknowledge and agree that Franchisee and/or the Franchisor may apply for the issuance of an injunction preventing me from violating this Agreement, without the necessity of proving actual damages or posting a bond, in addition to any other remedies available to them, and I agree to pay Franchisee and the Franchisor all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to Franchisee and the Franchisor any claim I have against Franchisee or the Franchisor is a separate matter and does not entitle me to violate, or justify any violation of, this Agreement.

11. This is not a contract for employment and does not guaranty my employment for any set period of time. I agree and understand that Franchisee is my employer and I have no employment relationship with the Franchisor.

12. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of California, excluding that body of law known as choice of law, and shall be binding upon the parties hereto in the United States and worldwide. The parties agree that service of process in any such action may be made if delivered in person, by courier service, or by first class mail, and shall be deemed effectively given upon receipt. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY

WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF ANY PARTY HERETO IN NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF.

13. I hereby irrevocably agree that the forum for any suit will lie with a court of competent jurisdiction in Fresno County, California or the applicable district court in California and hereby agree to the personal jurisdiction and venue of such court.

14. This Agreement will be binding upon me, my heirs, and personal representatives, and shall inure to the benefit of the Franchisor and Franchisee and any of their affiliates, parents, subsidiaries, successors and assigns. I understand that this Agreement may and will be assigned or transferred to any successor of the Franchisor, and any successor will be deemed substituted, for all purposes, as the "Franchisor" under the terms of this Agreement. As used in this Agreement the term "successor" will mean any person, firm, corporation, or business entity which at any time, whether by merger, purchase or otherwise, acquires all or substantially all of the assets of the business of the Franchisor. I acknowledge that the services to be rendered by me in my employment are unique and personal. Accordingly, I may not assign any of my rights nor delegate any of my duties or obligations under this Agreement.

15. This Agreement may not be modified except by a written agreement executed by the parties, which has been approved by the Franchisor.

16. This Agreement may be signed in counterparts, each of which when taken together shall form one valid and effective agreement which may be electronically signed, and any digital or electronic signatures (including pdf or electronically imaged signatures provided by DocuSign or any other nationally recognized digital signature provider) will be treated the same as handwritten signatures for the purposes of validity, enforceability and admissibility, and delivery of any such electronic signature, or a signed copy of this Agreement, may be made by email or other electronic transmission.

____
Name:
Dated:________________________

FRANCHISEE

By:_____________________________________
Name:
Title:
Dated: __________________________________

EXHIBIT 6 TO
DELI DELICIOUS FRANCHISING, INC.
FRANCHISE AGREEMENT

FORM OF RELEASE
(Current Form – Subject to Change)

THIS AGREEMENT ("Agreement") is made and entered into as of the date executed by the Franchisor ("Effective Date") by and between DELI DELICIOUS FRANCHISING, INC., a California corporation having its principal place of business located at 2495 West Shaw Ave., Fresno, CA 93711 (the "Franchisor"), and _______________________, with an address of _____________________ ("Franchisee").

WHEREAS, Franchisor and Franchisee entered into a franchise agreement dated _____________________________ (the "Franchise Agreement") which provides Franchisee with the right to operate a franchised business with a Territory as outlined on Exhibit 1 to the Franchise Agreement (the "Franchised Business");

Wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein set forth, do agree as follows:

1. Franchisee acknowledges and agrees that by entering into this Agreement, all of Franchisee's respective rights under the Franchise Agreement are terminated as of the Effective Date, however, Franchisee shall continue to be bound by the post-termination restrictions and covenants contained in the Franchise Agreement and any schedules attached thereto, which include, but are not limited to, covenants relating to Franchisor's confidential information and intellectual property, a covenant not to compete, a covenant of non-disparagement and a covenant of indemnification. Further, Franchisee shall honor all obligations required upon termination, including those listed in Section 10 of the Franchise Agreement.

2. Franchisee on his/her/its own behalf and on behalf of his/her/its servants, employees, heirs, successors and assigns does hereby release Franchisor, its officers, directors, shareholders, agents, parents, affiliates, subsidiaries, servants, employees, franchisees, partners, members, heirs, successors, principals and assigns ("Franchisor Released Parties"), from any and all claims, demands, causes of action, suits, debts, dues, duties, sums of money, accounts, reckonings, judgments, liabilities and obligations, both fixed and contingent, known and unknown, in law or in equity, under local law, state or federal law or regulation, from the beginning of time to this date, arising under or in connection with the Franchise Agreement of the business operated pursuant to the Franchise Agreement. Without limiting the generality of the foregoing, but by way of example only, the release shall apply to any and all state and federal antitrust, securities, breach of contract, fiduciary duty, or fraud claims and causes of action arising under or in connection with the Franchise Agreement to the extent permitted by law.

3. Franchisee has either been advised by independent counsel before signing this or, acknowledging the need for independent counsel, knowingly waives any such review and advice.

4. The governing law, methods of dispute resolution and any right to recovery of attorney's fees outlined in the Franchise Agreement shall apply to this Agreement as well.

5. This Agreement and the other documents referred to herein contain the entire agreement between the parties hereto pertaining to the subject matter hereof and supersede all prior agreements, except those contemplated hereunder. Any waiver, alteration or modification of any of the provisions of this Agreement or cancellation or replacement of this Agreement shall not be valid unless in writing and signed by the parties.

6. This Agreement shall be binding upon Franchisee and Franchisee's heirs and personal representatives and permitted assigns and shall inure to the benefit of Franchisor and its respective successors and assigns. Franchisee may not assign this Agreement or any of the rights or obligations hereunder, without the express written consent of Franchisor.

7. Any waiver of any term of this Agreement by Franchisor will not operate as a waiver of any other term of this Agreement nor will any failure to enforce any provision of this Agreement operate as a waiver of Franchisor's right to enforce any other provision of this Agreement.

8. In the event any provision of this Agreement is ever deemed to exceed the limits permitted by any applicable law, the provisions set forth herein will be reformed to the extent necessary to make them reasonable and enforceable. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of the remaining provisions, all of which are severable and will be given full force and effect.

9. This Agreement may be signed in counterparts, each of which when taken together shall form one valid and effective agreement which may be electronically signed, and any digital or electronic signatures (including pdf or electronically imaged signatures provided by DocuSign or any other nationally recognized digital signature provider) will be treated the same as handwritten signatures for the purposes of validity, enforceability and admissibility, and delivery of any such electronic signature, or a signed copy of this Agreement, may be made by email or other electronic transmission.

10. Franchisee must maintain the confidentiality of this Agreement and shall not disclose the terms of this Agreement to any person or persons, except (a) professional advisors for legitimate business purposes or as required by law, or (b) as otherwise permitted in writing by Franchisor, or (c) as reasonably necessary for enforcement of any rights and remedies pursuant to this Agreement. Nothing in this Agreement will prohibit Franchisee, when required pursuant to a lawfully issued subpoena or discovery request or demand from government or police agency, from complying with the requirements of law with such subpoena, discovery, demand or request; provided, however, that Franchisee will, unless restricted from doing so by the terms of the subpoena or other circumstances or requested not to do so by the government or police agency (for example a gag order or law or rule that prohibits Franchisee from doing the following or request from government or police agency) provide Franchisor written notice, with time to seek relief if it wishes from disclosure pursuant to the subpoena, within one week of receipt of the subpoena.

For the State of Washington: the general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

In Witness Whereof, the parties hereby execute this Release.

DELI DELICIOUS FRANCHISING, INC	FRANCHISEE
By:	By: ______________________
Name:	Name:
Title:	Title:
Dated: ___________________________	Dated: ___________________

EXHIBIT 7 TO
DELI DELICIOUS FRANCHISING, INC.
FRANCHISE AGREEMENT

DISCLOSURE QUESTIONNAIRE

This Questionnaire should not be completed by residents of, or anyone seeking to locate a franchise in, the following states: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin.

As you know, you and DELI DELICIOUS FRANCHISING, INC., a California corporation ("Franchisor") are entering into a Franchise Agreement (the "Franchise Agreement") for the operation of a Deli Delicious Restaurant (the "Franchised Business"). The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading. The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually, and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor.

In the event that you are intending to purchase an existing Franchised Business from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor. The questions below do not apply to any communications that you had with the transferring Franchisee. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

Acknowledgments and Representations

1. Did you receive a copy of Franchisor's Franchise Disclosure Document (and all exhibits and attachments at least 14 calendar days prior to signing the Franchise Agreement or paying any consideration to the Franchisor (10 business days for Michigan; the earlier of 10 business days or the first personal meeting for New York; and the earlier of 14 calendar days or the first personal meeting for Iowa)? Check one: ____ Yes _____ No. If no, please comment:

____

2. Have you studied and reviewed carefully Franchisor's Franchise Disclosure Document and Franchise Agreement? Check one: ______ Yes ______ No. If no, please comment:

____

3. Did you receive a copy of the Franchise Agreement with any unilateral material changes made by Franchisor at least seven calendar days prior to the date on which the Franchise Agreement was executed? Check one: ______Yes. _____ No If no, please comment:

____

4. Do you understand all the information contained in both the Franchise Disclosure Document and Franchise Agreement? Check one ____Yes ____No. If no, please comment:

____

5. Was any oral, written or visual claim or representation made to you which contradicted the disclosures in the Franchise Disclosure Document, including statements, promises or agreements concerning advertising, marketing, training, support services or assistance to be furnished to you? Check one: ____No _____Yes. If yes, please state in detail the oral, written or visual claim or representation:

____

6. Did any employee, broker, or other person speaking on behalf of Franchisor make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted, or projected sales, revenues, expenses, earnings, income or profit levels at any Franchised Business, or the likelihood of success at your Franchised Business? Check one: _____No _____Yes. If yes, please state in detail the oral, written or visual claim or representation:

____

7. Do you understand that the Franchise granted is for the right to develop one Franchised Business and that Franchisor has the right, subject only to the limited rights granted to you under the Franchise Agreement, to issue Franchises or licenses or operate competing businesses for or at locations, as Franchisor determines, near your Franchised Business? Check one: ______Yes _____No. If no, please comment:

____

8. Do you understand that the Franchise Agreement contains the entire agreement between you and Franchisor concerning your Franchised Business, meaning that any prior oral or written statements not set out in the Franchise Agreement or Franchise Disclosure Document will not be binding? Check one: ____ Yes _____ No. If no, please comment:

____

9. Do you understand that the success or failure of your Franchised Business will depend in large part upon your skills and experience, your business acumen, your location, the local market for Franchised Business products and services, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business

factors? Further, do you understand that the economic and business factors that exist at the time you open your Franchised Business may change? Check one ____Yes _____No. If no, please comment:

____

10. You further acknowledge that Executive Order 13224 (the "Executive Order") prohibits transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "Anti-Terrorism Measures"). The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is:

(i) a person or entity listed in the Annex to the Executive Order;

(ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism;

(iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or

(iv) owned or controlled by terrorists or sponsors of terrorism.

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

11. Please list all states in which the undersigned are residents: ________________________.

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO FRANCHISOR AND THAT FRANCHISOR WILL RELY ON THEM. BY SIGNING THIS DOCUMENT, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE: IF THE FRANCHISEE IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

Signed: ____
Date: ____________________

Signed: ____
Date: ______________

EXHIBIT 8 TO
DELI DELICIOUS FRANCHISING, INC.
FRANCHISE AGREEMENT

CONSENT TO TRANSFER

FORM OF TRANSFER AGREEMENT

This Transfer Agreement (this "Agreement") is made and entered into as of the date executed by Franchisor (the "Effective Date") by and among DELI DELICIOUS FRANCHISING, INC. , a California corporation having its principal place of business located at 2495 West Shaw Ave., Fresno, CA 93711 ("Franchisor"), ______________________ ("Transferor"), ______________________ (collectively "Transferor Guarantors"), ________________________ ("Transferee") and __________________("Transferee Guarantors").

WITNESSETH:

WHEREAS, a Franchise Agreement dated ________________ (the "Franchise Agreement") was executed by and between Franchisor on the one hand, and Transferor on the other, for the operation of a franchised business in the Territory and at the Accepted Location as outlined on Exhibit 1 to the Franchise Agreement (the "Franchised Business").

WHEREAS, Transferor desires to transfer to Transferee substantially all of the assets of the Transferor's business (the "Transferred Business") which business is responsible for operating the Franchised Business, and Transferor has requested that Franchisor consent to the transfer thereof to Transferee. This Agreement is executed and delivered simultaneously with, and as a condition of the closing of the sale of the aforementioned assets.

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained, and other good and valuable consideration, receipt of which is hereby acknowledged by each of the parties hereto, the parties agree as follows:

AGREEMENT:

1. **Recitals Included in Agreement**. The parties incorporate into this Agreement the recitals set forth above as if set forth in full.

2. **Consent**. Franchisor hereby consents to and waives any right of first refusal in connection with the sale and the transfer by Transferor to Transferee (the "Transaction"), subject to the terms of this Agreement. Franchisor's consent to the Transaction is subject to and made in reliance upon the following terms, conditions, representations and warranties. Transferor's and/or Transferee's failure to comply with the terms of this Agreement will result in a default and render the Transaction void:

A. Transferor represents, warrants, covenants and agrees that each of the following are true and correct as of its date of execution, and shall remain true through the Closing (as defined herein):

(1) Transferor is the sole owner of, and possesses good and marketable right, title and interest in and to, the Transferred Business; and no other person or entity owns or has any right, title or interest in and to the Franchise Agreement, Franchised Business and the Transferred Business.

(2) Transferor's Guarantors are the sole owners of Transferor, and no other person or entity has an equity or beneficial ownership interest in Transferor.

(3) The execution and delivery of this Agreement and the consummation of the Transaction do not conflict with or result in a breach of the terms and conditions of, accelerate any provision of, or constitute a default under, the certificate of formation or operating agreement of Transferor, or any lease, contract, promissory note or agreement to which Transferor is a party or is bound.

(4) Transferor and Transferor's Guarantors acknowledge and agree that by entering into this Agreement, all of Transferor's rights under the Franchise Agreement will be terminated as of the Closing however, Transferor and Transferor's Guarantors shall continue to be bound by the post-termination restrictions and covenants contained in the Franchise Agreement and any schedules attached thereto.

B. Transferee represents, warrants, covenants and agrees that each of the following are true and correct as of its respective date of execution, and shall remain true through the Closing:

(1) Transferee will be the sole owner of and possess good and marketable right, title and interest in, and no other person or entity will own or have any right, title or interest in and to the Franchise Agreement, Franchised Business and the assets of the Transferred Business. Transferee will be executing a new Franchise Agreement. Transferee's ownership composition is set forth on Schedule 1, attached hereto.

(2) The execution and delivery of this Agreement and the consummation of the Transaction do not conflict with or result in a breach of the terms and conditions of, accelerate any provision of, or constitute a default under, the certificate of formation or operating agreement of Transferee, or any lease, contract, promissory note or agreement to which Transferee or Transferee's Guarantors are a party or are bound. Transferee's Guarantors will execute the Guaranty attached as Schedule 2.

(3) Transferee relied solely and exclusively on Transferee's own independent investigation of the franchise system and of the Franchised Business and the historical financial records of the Franchised Business provided to Transferee by Transferor; and based on the receipt of the actual historical performance of the Franchised Business it would not be reasonable to rely on the financial performance representation contained in Franchisor's Franchise Disclosure Document, or any other financial performance representation, pro forma or projection that differed or diverged, in whole or in part, from the Franchised Business' actual historical financial performance.

C. To the extent not already completed, Transferee (or Transferee's Guarantors, if an entity) and any required employees shall attend and complete, to the satisfaction of Franchisor, Franchisor's training program required of new franchisees, at the time directed by Franchisor.

D. Transferee represents, warrants, covenants and agrees that all information furnished or to be furnished to Franchisor by Transferee in connection with Transferee's request to receive a transfer is and will be, as of the date such information is furnished, and through the date of the Closing, true and correct in all material respects and will include all material facts necessary to make the information not misleading in light of the circumstances.

E. Transferor and Transferee represent, warrant and agree that, subject to Franchisor's consent, Transferor will sell and transfer, and Transferee will acquire, the assets of the Transferred Business and that all legal actions necessary to effect the sale and transfer have been or will be accomplished prior to or at Closing.

F. Effective as of the day and time Transferee takes title of the assets of the Transferred Business ("Closing"), Transferee expressly agrees to be bound by and observe and faithfully perform all of the obligations, agreements, commitments and duties of the Transferor so that Transferee can operate the Franchised Business as of the Closing, but no sooner than the Closing. Only Transferor will have the right to operate the Franchised Business until Closing, unless otherwise expressly agreed in writing.

G. Transferee will be required to pay an initial franchise fee or a transfer fee.

3. **Transferor and Transferor's Guarantor's Release**. Transferor, Transferor's Guarantors and their respective officers, directors, shareholders, agents, parents, affiliates, subsidiaries, servants, employees, partners, members, heirs, successors, assigns and principals do hereby release Franchisor, its officers, directors, shareholders, agents, parents, affiliates, subsidiaries, servants, employees, partners, members, heirs, successors, principals and assigns ("Franchisor Released Parties"), from any and all claims, demands, causes of action, suits, debts, dues, duties, sums of money, accounts, reckonings, judgments, liabilities and obligations, both fixed and contingent, known and unknown, in law or in equity, under local law, state or federal law or regulation which they had, from the beginning of time to the date of execution, arising under or in connection with the Franchise Agreement or operation of the Franchised Business. Without limiting the generality of the foregoing, but by way of example only, the release shall apply to any and all state and federal antitrust, securities, breach of contract, fiduciary duty, or fraud claims and causes of action arising under or in connection with the Franchise Agreement, unless prohibited by law.

4. RESERVED

5. **No Security Interests in the Assets of Transferee**. The parties acknowledge and agree that Transferor is not permitted to retain a security interest in the assets of the Transferred Business or the franchise without Franchisor's prior consent.

6. **Non-Participation**. Transferor, Transferor's Guarantors, Transferee's Guarantors and Transferee jointly and severally, acknowledge and agree that, except for the preparation and execution of this Agreement, Franchisor has not participated in the Transaction between them and, therefore, has no knowledge of, and does not attest to, the accuracy of any representations or warranties made by or between Transferor and Transferee in connection with this transfer. Franchisor assumes no obligations in that regard. Transferor acknowledges and agrees that the sale of the assets of the Transferred Business is for Transferor's own account.

7. **Insurance.** Prior to Closing, Transferee must provide Franchisor with a Certificate of Insurance for the insurance coverages specified in the franchise agreement, which policy(ies) must name Franchisor and all related parties as an additional insured.

8. **Changed Circumstances.** All parties understand and acknowledge that Franchisor may, in the future, approve offerings and transfers under different terms, conditions and policies. Franchisor's consent and waiver in this instance shall not be relied upon in future transactions as indicative of Franchisor's position or the conditions that might be attached to future consents or waivers of its right of first refusal.

9. **Singular Consent.** Transferor and Transferee acknowledge and agree that Franchisor's execution of this Agreement is not intended to provide, and shall not be construed as providing, Franchisor's consent with regard to a transfer of any right or interest under any other agreement not specifically identified in this Agreement. Such consent must be separately obtained.

10. **Validity**. If any material provision or restriction contained herein shall be declared void or unenforceable under applicable law, the parties agree that such provision or restriction will be reformed to the extent necessary to make it valid and enforceable. To the extent a provision cannot be reformed, it shall be stricken, and the remainder of this Agreement will continue in full force and effect. Notwithstanding this Paragraph, however, the parties agree that, to the extent Franchisor suffers harm as a consequence of the striking of such provision or restriction, the other parties to this Agreement shall exercise best efforts to make Franchisor whole.

11. **Indemnification**. Transferor and Transferor's Guarantors, jointly and severally, agree to indemnify, defend and hold harmless Franchisor and its predecessors, parents, successors and affiliates and any of their principals, owners, shareholders, employees or agents from and against any claims, losses, liabilities, costs or damages incurred by them as a result of or in connection with the transfer to Transferee or any dispute between Transferor and Transferee.

12. **Counterparts.** This Agreement may be signed in counterparts, each of which when taken together shall form one valid and effective agreement which may be electronically signed, and any digital or electronic signatures (including pdf or electronically imaged signatures provided by DocuSign or any other nationally recognized digital signature provider) will be treated the same as handwritten signatures for the purposes of validity, enforceability and admissibility, and delivery of any such electronic signature, or a signed copy of this Agreement, may be made by email or other electronic transmission.

13. **Miscellaneous.** The parties hereto agree that this Agreement constitutes, upon the execution of this Agreement by all of the parties and after it has been accepted and executed by Franchisor, the complete understanding between the parties regarding the subject matter hereof, and no representation, agreement, warranties, or statement, oral or in writing, not contained herein, shall be of any force and effect against any party, except the Franchise Agreement and its addendums and exhibits shall remain in force in the manner, and to the extent, contemplated herein, and this Agreement shall not be modified, altered or amended except in writing signed by all parties. The waiver by any party of any breach or violation of any provision of this Agreement will not operate or be construed as a waiver of any other or subsequent breach or violation hereof. This Agreement will be binding upon and inure to the benefit of the parties, and their respective heirs,

executors, successors and assigns. The governing law and methods of dispute resolution in the Franchise Agreement shall govern this Agreement as well.

14. **Agreement Survives Closing**. All representations, warranties, terms and conditions set forth in this Agreement shall survive the execution and delivery of this Agreement, the Closing, and the consummation of the Transaction provided for herein.

15. **Review of Agreement and Representation**. Transferor, Transferor's Guarantors, Transferee's Guarantors and Transferee each represent and acknowledge that he/she/it has received, read and understands this Agreement, including its exhibits; and that Franchisor has fully and adequately explained the provisions to each to their satisfaction; and that Franchisor has afforded each of them ample time and opportunity to consult with advisors of their own choosing about the potential benefits and risks of entering into this Agreement.

I HAVE READ THE ABOVE AGREEMENT. I WOULD NOT SIGN THIS AGREEMENT, IF I DID NOT UNDERSTAND IT AND AGREE TO BE BOUND BY ITS TERMS.

FRANCHISOR:

DELI DELICIOUS FRANCHISING, INC.

By: _______________________
Name:
Dated: ___________________

TRANSFEROR:

By: _________________________
Name:
Title:
Dated: ___________________

TRANSFEROR'S GUARANTORS:

____
Name:
Dated: _________________________

TRANSFEREE:

By: _________________________
Name:
Title:
Dated: ___________________

<u>TRANSFEREE'S GUARANTORS</u>:

____
Name:
Dated: ________________________

SCHEDULE 1

FRANCHISEE IDENTIFICATION AND OWNERSHIP
Deli Delicious Franchise Agreement

Franchisee Owners

1. **Form of Owner**. (Choose (a) or (b))

(a) **Individual Proprietorship**. List individual(s):

____

____

____

(b) **Corporation, Limited Liability Company, or Partnership:**

Name: ___________________________
Date of incorporation or formation: __________
State of incorporation of formation: __________

The following is a list of your directors/managers/officers, as applicable, and officers as of the date of execution:

Name of Each Director/Manager/Officer	Position(s) Held
__________________________	__________________________
__________________________	__________________________
__________________________	__________________________
__________________________	__________________________
__________________________	__________________________
__________________________	__________________________

2. **Principals**. The following list includes the full name of each person or entity who is one of your owners and fully describes the nature of each owner's interest (attach additional pages if necessary).

	Principal's Name	Percentage/Description of Interest
(a)	__________________________	__________________________
(b)	__________________________	__________________________

(c) ______________________________ ____________________________________

(d) ______________________________ ____________________________________

3. **Identification of Operating Principal**. Your Operating Principal is ________________ ____________________(must be one of the individuals listed in paragraph 2 above. You may not change the Operating Principal without prior written approval. The Operating Principal is the person authorized to receive communications regarding this Agreement).

Address:____
____

E-mail Address:___________________________

FRANCHISEE

By:_______________________________________
Name:
Title:

Dated: ____________________

DELI DELICIOUS FRANCHISING, INC.

By: ____________________________________
Name:
Title:

Dated: ___________________

SCHEDULE 2

GUARANTY

The undersigned persons designated as "Principals" hereby represent to Deli Delicious Franchising, Inc. ("Franchisor") that they are all of the shareholders of, or all of the general partners of, all of the members and managers of, ____________________ ("Franchisee"), as the case may be. Each such Principal also represents that his or her spouse is also listed herein as a "Spousal Guarantor". In consideration of the grant by Franchisor to _________________, as provided under the franchise agreement dated _______________, [and later transferred to Franchisee] (the "Franchise Agreement"), each of the undersigned agrees, in consideration of benefits received and to be received by each of them, jointly and severally, and for themselves, their heirs, legal representatives and assigns that they, and each of them, shall be firmly bound by all of the terms, provisions and conditions of the foregoing Franchise Agreement, that they and each of them do unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the Franchise Agreement, including, without limitation, any indebtedness of Franchisee arising under or by virtue of the Franchise Agreement to Franchisor and/or its affiliate, and that they and each of them shall not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first notifying Franchisor of said proposed transfer and obtaining the prior written consent of Franchisor, following Franchisor's transfer procedures and without first paying or causing to be paid to Franchisor any required transfer fee. The undersigned further agree to be bound by the in-term and post-termination covenants of the Franchise Agreement including, without limitation, those relating to confidentiality and non-competition. The undersigned also agree that the governing law and methods for resolution of disputes which govern this Guaranty shall be the same as those outlined in the Franchise Agreement.

EACH GUARANTOR ACKNOWLEDGES THAT HE OR SHE HAS READ THIS PERSONAL GUARANTY, UNDERSTANDS ITS TERMS, AND GUARANTOR WOULD NOT SIGN THIS PERSONAL GUARANTY IF GUARANTOR DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

Undersigned:

Principals:	Spousal Guarantors:
_________________________	_________________________
Print Name:	Print Name:
Dated: ___________________	Dated:____________________
_________________________	_________________________
Print Name:	Print Name:
Dated: ___________________	Dated:____________________

EXHIBIT 9 TO
DELI DELICIOUS FRANCHISING, INC.
FRANCHISE AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT

(PARTNERSHIP, CORPORATION or LIMITED LIABILITY COMPANY)

THIS ASSUMPTION AND ASSIGNMENT AGREEMENT (the **"Agreement")** is made and entered into as of the date this Agreement is executed by Franchisor (the "**Effective Date")** by and among DELI DELICIOUS FRANCHISING, INC., a California corporation having its principal place of business located at 2495 West Shaw Ave., Fresno, CA 93711 ("**Franchisor**"), ______________________ an individual with an address at ____________________**("Assignor")**, and __________________________("**Assignee**").

BACKGROUND

A. Assignor and Franchisor entered into a certain Franchise Agreement dated ___________ (the **"Franchise Agreement")** whereby Assignor was given the right and undertook the obligation to operate a Deli Delicious Restaurant (the "**Franchised Business**") in the Territory listed on Exhibit 1 to the Franchise Agreement.

B. Assignor has organized and incorporated Assignee for the convenience and sole purpose of owning and operating the Franchised Business.

C. Assignor desires to assign the rights and obligations under the Franchise Agreement to Assignee pursuant to and in accordance with the provisions of the Franchise Agreement.

D. Franchisor is willing to consent to the assignment of the Franchise Agreement to Assignee, subject to the terms and conditions of this Agreement, including the agreement by Assignor to guarantee the performance by Assignee of its obligations under the Franchise Agreement.

AGREEMENT

In consideration of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. Assignor hereby assigns and transfers over to Assignee all right, title and interest in and to the Franchise Agreement, effective as of the Effective Date.

2. Assignee hereby assumes all of Assignor's obligations, agreements, commitments, duties and liabilities under the Franchise Agreement, and agrees to be bound by and observe and faithfully perform all of the obligations, agreements, commitments and duties of the Franchisee thereunder with the same force and effect as if the Franchise Agreement were originally written with Assignee as Franchisee.

3. Exhibit A to this Agreement lists all of Assignee's owners and their interests in Assignee as of the Effective Date. Assignee agrees that it and its owners will sign and deliver to Franchisor a revised Exhibit A to reflect any permitted changes in the information that Exhibit A now contains.

4. The Assignor as an owner of Assignee and in consideration of benefits received and to be received, shall sign and deliver to Franchisor a personal guaranty in the form attached as Exhibit B to this Agreement.

5. Assignor, for himself/herself and his/her agents, servants, employees, partners, members, heirs, predecessors, successors and assigns does hereby release Franchisor, its officers, directors, shareholders, agents, affiliates, subsidiaries, servants, employees, partners, members, heirs, successors and assigns, from any and all claims, demands, causes of action, suits, debts, dues, duties, sums of money, accounts, reckonings, judgments, liabilities and obligations, both fixed and contingent, known and unknown, in law or in equity, under local law, state or federal law or regulation which he/she had, from the beginning of time to this date, arising under or in connection with the Franchise Agreement.

6. Assignee agrees that the Franchised Business which Assignee will operate will be the only business Assignee operates (although Assignor may have other, non-competitive business interests).

7. This Agreement shall be binding upon and inure to the benefit of the parties and their heirs, successors and assigns.

8. The governing law and methods of dispute resolution in the Franchise Agreement shall govern this Agreement as well.

9. This Agreement, and the documents referenced herein, shall constitute the entire integrated agreement between the parties with respect to the subject matter contained herein and shall supersede any prior agreements, verbal or written. This Agreement shall not be subject to change, modification, amendment or addition without the express written consent of all the parties.

10. If Franchisor retains the services of legal counsel to enforce the terms of this Agreement, Franchisor shall be entitled to recover all costs and expenses, including travel, reasonable attorney, expert and investigative fees, incurred in enforcing the terms of this Agreement.

11. Each party declares that the terms of this Agreement have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel.

12. The obligations of Assignor and Assignee under this Agreement shall be joint and several.

I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

ASSIGNOR:

____

Dated: ___________________________

ASSIGNEE:

By:______________________________________
Name:
Title:

Dated: _________________________

FRANCHISOR:

DELI DELICIOUS FRANCHISING, INC.

By: _____________________________________
Name:
Title:

Dated: ______________________

EXHIBIT A TO DELI DELICIOUS FRANCHISING, INC.
ASSUMPTION AND ASSIGNMENT AGREEMENT

STATEMEMT OF OWNERSHIP INTERESTS

Franchisee Owners

1. **Form of Owner**. (Choose (a) or (b))

(a) **Individual Proprietorship**. List individual(s):

____

____

____

(b) **Corporation, Limited Liability Company, or Partnership:**

Name: ____________________________
Date of incorporation or formation: ___________
State of incorporation of formation: ___________

The following is a list of your directors/managers/officers, as applicable, and officers as of the date of execution:

Name of Each Director/Manager/Officer	Position(s) Held

2. **Principals**. The following list includes the full name of each person or entity who is one of your owners and fully describes the nature of each owner's interest (attach additional pages if necessary).

	Principal's Name	Percentage/Description of Interest
(a)		

(b) ______________________________ ____________________________________

(c) ______________________________ ____________________________________

(d) ______________________________ ____________________________________

3. **Identification of Operating Principal**. Your Operating Principal is ________________ ____________________(must be one of the individuals listed in paragraph 2 above. You may not change the Operating Principal without prior written approval. The Operating Principal is the person authorized to receive communications regarding this Agreement).

Address: ____
____

E-mail Address:__________________________

FRANCHISEE

By:____________________________________
Name:
Title:

Dated: ____________________

DELI DELICIOUS FRANCHISING, INC.

By: ___________________________________
Name:
Title:

Dated: ____________________

EXHIBIT B TO DELI DELICIOUS FRANCHISING, INC.
ASSUMPTION AND ASSIGNMENT AGREEMENT

The undersigned persons designated as “Principals” hereby represent to Deli Delicious Franchising, Inc. (“Franchisor”) that they are all of the shareholders of, or all of the general partners of, all of the members and managers of, ____________________ (“Franchisee”), as the case may be. Each such Principal also represents that his or her spouse is also listed herein as a “Spousal Guarantor”. In consideration of the grant by Franchisor to _________________, as provided under the franchise agreement dated _______________, and later assigned to Franchisee (the “Franchise Agreement”), each of the undersigned agrees, in consideration of benefits received and to be received by each of them, jointly and severally, and for themselves, their heirs, legal representatives and assigns that they, and each of them, shall be firmly bound by all of the terms, provisions and conditions of the foregoing Franchise Agreement, that they and each of them do unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the Franchise Agreement, including, without limitation, any indebtedness of Franchisee arising under or by virtue of the Franchise Agreement to Franchisor and/or its affiliate, and that they and each of them shall not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first notifying Franchisor of said proposed transfer and obtaining the prior written consent of Franchisor, following Franchisor’s transfer procedures and without first paying or causing to be paid to Franchisor any required transfer fee. The undersigned further agree to be bound by the in-term and post-termination covenants of the Franchise Agreement including, without limitation, those relating to confidentiality and non-competition. The undersigned also agree that the governing law and methods for resolution of disputes which govern this Guaranty shall be the same as those outlined in the Franchise Agreement.

EACH GUARANTOR ACKNOWLEDGES THAT HE OR SHE HAS READ THIS PERSONAL GUARANTY, UNDERSTANDS ITS TERMS, AND GUARANTOR WOULD NOT SIGN THIS PERSONAL GUARANTY IF GUARANTOR DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

Undersigned:

Principals:	Spousal Guarantors:
_________________________	_________________________
Print Name:	Print Name:
Dated: ___________________	Dated:____________________
_________________________	_________________________
Print Name:	Print Name:
Dated: ___________________	Dated:____________________

EXHIBIT 10 TO
DELI DELICIOUS FRANCHISING, INC.
FRANCHISE AGREEMENT

TELEPHONE, INTERNET WEB SITES AND LISTINGS AGREEMENT

THIS TELEPHONE, INTERNET WEB SITES AND LISTINGS AGREEMENT (the "Agreement") is made and entered into as of the date it is executed by Franchisor (the "Effective Date"), by and between Deli Delicious Franchising, Inc., a California corporation (the "Franchisor"), and __________________________ (the "Franchisee").

W I T N E S S E T H:

WHEREAS, Franchisee desires to enter into a Franchise Agreement with Franchisor for the right to own and operate a Deli Delicious Restaurant (the "Franchise Agreement"); and

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **DEFINITIONS**

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. **TRANSFER; APPOINTMENT**

2.1 Interest in Telephone Numbers, Internet Web Sites and Listings. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of the Franchise Agreement, certain right, title, and interest in and to certain telephone numbers and telephone directory listings (collectively, the "Telephone Numbers and Listings"); social media accounts, domain names, hypertext markup language, uniform resource locator addresses, and access to corresponding Internet web sites, blogs, vlogs, email addresses and the right to hyperlink to certain web sites and listings on various Internet search engines (collectively, the "Internet Web Sites and Listings") related to the Franchised Business or the Proprietary Marks (all of which right, title, and interest is referred to herein as "Franchisee's Interest").

2.2 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately direct all Telephone companies or listing companies, Internet

Service Providers, social media platforms, domain name registries, Internet search engines, and other listing agencies (collectively, the "Companies") with which Franchisee has Telephone Numbers and Listings or Internet Web Sites and Listings: (i) to transfer all of Franchisee's Interest in such Telephone Numbers and Listings or Internet Web Sites and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Numbers and Listings or Internet Web Sites and Listings, Franchisee will immediately terminate Telephone Numbers and Listings or Internet Web Sites and Listings, or if such termination requires the involvement of the Companies, immediately direct the Companies to terminate such Telephone Numbers and Listings or Internet Web Sites and Listings and Franchisee will take such other actions as Franchisor directs.

2.3 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.3.1 Direct the Companies to transfer all Franchisee's Interest to Franchisor;

2.3.2 Direct the Companies to terminate any or all of the Telephone Numbers and Listings or Internet Web Sites and Listings; and

2.3.3 Execute the Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

2.4 Certification of Termination. Franchisee hereby directs the Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.5 Cessation of Obligations. After the Companies have duly transferred all Franchisee's Interest to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or continuing obligations under, such Telephone Numbers and Listings or Internet Web Sites and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Companies for the sums Franchisee is obligated to pay such Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest and shall remain liable for any actions occurring prior to the date of transfer.

3. **MISCELLANEOUS**

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertable in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Telephone Numbers and Listings or Internet Web Sites and Listings.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, shall inure to Franchisor and its successors and assigns and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's heirs, representatives, successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. This is agreement and the documents referenced herein constitute the entire agreement between the parties related to the subject matter herein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Joint and Several Obligations. All Franchisee's obligations under this Agreement shall be joint and several.

3.9 Governing Law. This Agreement shall be governed by and construed under the laws of the State of California, without regard to the application of California conflict of law rules.

IN WITNESS WHEREOF, the undersigned have executed or caused their duly authorized representatives to execute this Agreement.

DELI DELICIOUS FRANCHISING, INC.:	FRANCHISEE:
By:_____________________________________	By:_______________________________
Name:	Name:____________________________
	Title:_____________________________
Dated: __________________________________	Dated:____________________________

EXHIBIT 11 TO
DELI DELICIOUS FRANCHISING, INC.
FRANCHISE AGREEMENT

ELECTRONIC TRANSFER AUTHORIZATION

AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO DELI DELICIOUS FRANCHISING, INC. ("COMPANY")

Depositor hereby authorizes and requests ______________________________________ (the "Depository") to initiate debit and credit entries to Depositor's ☐ checking or ☐ savings account (select one) indicated below drawn by and payable to the order of DELI DELICIOUS FRANCHISING, INC. by Electronic Funds Transfer, provided there are sufficient funds in said account to pay the amount upon presentation.

Depositor agrees that the Depository's rights with respect to each such charge shall be the same as if it were a check drawn by the Depository and signed by Depositor. Depositor further agrees that if any such charge is dishonored, whether with or without cause and whether intentionally or inadvertently, the Depository shall be under no liability whatsoever.

Depository Name:____

City:______________________________ State:_________ Zip Code:____________

Transit/ABA Number:_____________________________ Account Number:___________

This authority is to remain in full force and effect until Depository has received written notification from DELI DELICIOUS FRANCHISING, INC. and Depositor of its termination.

Depositor: (Please Print)
____

____
Date Signed
____

____
Signature(s) of Depositor, as Printed Above

Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers.

Exhibit C

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Deli Delicious Franchising, Inc.

STATE ADMINISTRATORS/ DESIGNATION OF AGENT FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. Where we are registered to sell franchises, we have appointed the state agency, or as noted below, a state officer, as our agent for service of process in the state. We may not yet be registered to sell franchises in any or all of the states listed. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

CALIFORNIA Department of Business Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (866) 275-2677 Agent: California Commissioner of Financial Protection and Innovation	NORTH DAKOTA North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fifth Floor Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712 Agent: North Dakota Securities Commissioner
HAWAII Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 Agent: Commissioner of Securities of the State of Hawaii	OREGON Department of Finance and Corporate Securities Labor and Industries Building 350 Winter Street NE, Room 410 Salem, Oregon 97301-3881 (503) 378-4387 Agent: Director of Oregon Department of Insurance and Finance
ILLINOIS Franchise Division Office of Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465 Agent: Illinois Attorney General	RHODE ISLAND Department of Business Regulation Division of Securities 1511 Pontiac Ave. John O. Pastore Complex Building 69-1 Cranston, RI 02920 (401) 462-9500 Agent: Director of Business Regulation
INDIANA Franchise Section Indiana Securities Division Room E-111 302 West Washington Street Indianapolis, Indiana 46204 (317) 232-6681 Agent: Indiana Secretary of State Indiana Securities Division 201 State House Indianapolis, IN 46204	SOUTH DAKOTA Department of Labor and Regulation Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563 Agent: Director, Division of Insurance-Securities Regulation

MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360 Agent: Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020	VIRGINIA State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051 Agent: Clerk of the State Corporation Commission 1300 E Main St., 1st. Fl. Richmond, VA 23219 Tel: (804) 371-9733
MICHIGAN Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 670 Law Building Lansing, Michigan 48913 (517) 373-7177 Agent: Michigan Department of Commerce Corporations and Securities Bureau 6546 Mercantile Way Lansing, MI 48910	WASHINGTON Director Washington Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, Washington 98501 (360) 902-8760 Agent: Securities Administrator, Director of Department
MINNESOTA Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1500 Agent: Minnesota Commissioner of Commerce	WISCONSIN Securities Division of the Wisconsin Department of Financial Institutions 345 W. Washington Ave., 4th Floor Madison, Wisconsin 53703 (608) 266-8559 Agent: Wisconsin Commissioner of Securities
NEW YORK NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222 Phone Agent for service: New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492	

Exhibit D

LIST OF FRANCHISEES

Deli Delicious Franchising, Inc.

LIST OF FRANCHISEES

Franchisees Open and Operating as of December 31, 2023

Hesam Hobab and Omar Sanchez
#37) 1321 Commerce Ave, #1321-1325
Atwater, CA. 95301
(209) 357- 1500

Juan Garcia and Jorge Ramirez
#23) 9801 Hageman Road #200
Bakersfield, CA. 93312
(661) 829-2559

Juan Garcia and Jorge Ramirez
#55) 515 Panama Lane
Bakersfield, CA. 93307
(661) 491-3134

Juan Garcia and Jorge Ramirez
#26) 2195 Shaw Ave, Ste. C.
Clovis, CA. 93611
(559) 322-1183

Will Cantrell
#11) 950 Herndon Ave., #110
Clovis, CA 93612
(559) 325-3354

Will Cantrell
#49) 1990 N. Flower #118
Clovis, CA 93619
(559) 324-8863

Tom Hutcheson
#115) 1973 Foothill Parkway
Corona, CA 92281
(951) 339-8444

Joshua Sandoval
#68) 620 Woolomes Ave. #108
Delano, CA. 93215
(661) 725-2660

Hesam Hobab and Omar Sanchez
#1) 5628 North Blackstone Ave.
Fresno, CA 93710
(559) 447-0666

Hesam Hobab and Omar Sanchez

#2) 6735 North First #106
Fresno, CA 93710
(559) 448-9444

Hesam Hobab and Omar Sanchez
#3) 2940 E. Nees Ave. #105
Fresno, CA. 93720
(559) 322-0990

Hesam Hobab and Omar Sanchez
#4) 7785 North Palm #106
Fresno, CA 93711
(559) 431-5252

Hesam Hobab and Omar Sanchez
#5) 1102 E. Champlain Dr. #109
Fresno, CA. 93720
(559) 433-0668

Hesam Hobab and Omar Sanchez
#9) 5050 N. Palm Ave.
Fresno, CA. 93704
(559) 444-0231

Hesam Hobab and Omar Sanchez
#18) 4441 W. Ashlan Ave, Suite #102
Fresno, CA. 93722
(559) 271-1244

Hesam Hobab and Omar Sanchez
#100) 920 E. Olive Ave.
Fresno, CA 93728
(559) 389-0708

Hesam Hobab
#10) 6034 N. Figarden Dr.
Fresno, CA 93722
(559) 277-1099

Will Cantrell
#64) 2860 North Fowler
Fresno, CA 93727
(559) 375-1839

Harnoor Singh
#6) 2787 W. Shaw #110
Fresno, CA 93711
(559) 229-8777

Sam Namdarian
#8) 550 South Clovis Ave Ste. 108

Fresno, CA 93727
(559) 255-9070

Sam Namdarian
#14) 2042 E. Cooper #105
Fresno, CA 93730
(559) 433-680

Neda Zakeri
#12) 2041 E. Sields
Fresno, CA 93726
(559) 222-3354

Baljit Gill ("Steve") & Lovey Singh
#17) 2685 E. Jensen #102
Fresno, CA 93725
(559) 264-1700

Eric Sha
#29) 970 N Street
Fresno, CA. 93721
(559) 443-1111

Juan Garcia and Jorge Ramirez
#121) 1858 West Lacey Blvd.
Hanford CA 93230.
559-270-7978

Gurminder Grewal ("Gary") & Arturo Hernandez
#24) 14053 W. Whitesbridge Ave.
Kerman, CA. 93630
(559) 846-5000

Hesam Hobab and Omar Sanchez
#95) 16608 S. Harlan Road
Lathrop, CA 95330
(209) 299-0001

Hesam Hobab and Omar Sanchez
#31) 855 N. Lemoore Ave. #100
Lemoore, CA. 93245
(559) 423-5688

Pavan Singh & Harpeet Singh
#47) 1380 E. Pacheco Blvd. #B
Los Banos, CA 93635
(209) 710-9117

Hesam Hobab and Omar Sanchez
#16) 2380 W. Cleveland Ave., Suite #6
Madera, CA 93637

(559) 637-3502

Hari Randhawa
#53) 1624 Howard Rd.
Madera, CA. 93637
(559) 395-4928

Davinder Singh ("Ricky") & Manraj Singh
#82) 127 Spreckels Ave.
Manteca, CA. 95336
(209) 328-1312

Pavan Singh & Harpeet Singh
#108) 110 General Stilwell Dr. #100
Marina, CA. 93933
(831) 423-0010

Hari Randhawa
#34) 570 W. Olive Ave.
Merced, CA. 95348
(209) 724-0305

Omar Sanchez
#36) 3848 McHenry Ave. #105
Modesto, CA. 95356
(209) 521-6000

Jordan and Madalyn Schooley
#35) 40208 Hwy. 41
Oakhurst, CA. 93644
(559) 683-3033

Sandeep Chauhan
#111) 11851 Road 122
Pixley, CA 93256
(559) 422-0797

Sandeep Singh ("Saab"), Jaswinder Kaur Sodhi & Fateh Singh Sodhi
#48) 602 Academy Ave. #8
Sanger, CA. 93657
(559) 875-0147

Sandeep Singh ("Saab"), Jaswinder Kaur Sodhi & Fateh Singh Sodhi
#90) 3120 W. Floral Road
Selma, CA 93662
(559) 898-3041

Hesam Hobab and Omar Sanchez
#119) 487 N J St,
Tulare, CA 93274
(559) 467-5028

Baljit Gill ("Steve") & Lovey Singh
#25) 1587 Hillman St.
Tulare, CA. 93274
(559) 746-9600

Kou Thao
#121) 2743 Countryside Drive
Turlock, CA 95380
(209) 250-2781

Nelam Nagra & Harnek Singh
#61) 210 E. Acequia #B
Visalia, CA. 93291
(559) 747-2883

Juan Garcia and Jorge Ramirez
#120) 5103 West Goshen
Visalia, CA 93291
(559) 372-8994

Agreements Signed But Not Yet Open as of December 31, 2023

None

Exhibit E

FRANCHISEES WHO HAVE LEFT THE SYSTEM

Deli Delicious Franchising, Inc.

FRANCHISEES
WHO HAVE LEFT THE SYSTEM

For the Period 1/1/23 - 12/31/23

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

Ceased Operations:

Harnek Singh – (Store #19)
5129 W. Walnut Ave.
Visalia, CA. 93277
(559) 372-7223

Omar Enterprises Inc. – (Store #89)
2495 West Shaw Fresno Ca 93711
559-393-8889

Transferred:

Omar Deli Enterprises (Store #121)
2495 West Shaw Ave.
Fresno Ca 93711
559-393-8889.

ERR Investments Inc/Eric Sha (Store #28)
2395 E. Oakmont Ave.
Fresno Ca. 93730
213-839-3217

Hesam Hobab and Omar Sanchez – (Store #120)
2495 West Shaw Ave.
Fresno Ca 93711
559-393-8889.

Hesam Hobab – (Store #23)
2495 West Shaw Ave.
Fresno Ca 93711
559-393-8889.

Hesam Hobab – (Store #55)
2495 West Shaw Ave.
Fresno Ca 93711
559-393-8889.

Gurminder Grewal (Store #6)
14548 W. O Street
Kerman, CA 93630
559-349-4059

Scot & Mary Goble – (Store #31)
4014 E. Wood Ave
Laton, California 93242
559-730-8400

Phil Maroot and Becky Fraser – (Store #26)
425 N. Redington St
Hanford, Ca 93230
559-905-3858

Exhibit F

TABLE OF CONTENTS OF CONFIDENTIAL FRANCHISE OPERATIONS MANUAL

Deli Delicious Franchising, Inc.

Contents

Exhibit G

MULTI-STATE ADDENDUM

Deli Delicious Franchising, Inc.

STATE ADDENDUM

CALIFORNIA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

Neither the franchisor, nor any person or franchise broker identified 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 the person from membership in the association or exchange.

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

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

§ 31125 of the California Corporations Code requires a franchisor to give the franchisee a special disclosure document before soliciting a proposed material modification of an existing franchise.

The Franchise Agreement requires the franchisee to sign a general release of claims as a condition of relocation, resale, or renewal of the franchise. § 31512 of the California Corporations Code provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Franchise Investment Law or any rule or order under it is void. Therefore, any general release of claims that you are required to sign under the Franchise Agreement will be considered amended to delete any waiver of Franchisor's compliance with the Franchise Investment Law. This will not prevent Franchisor from requiring you to sign a general release of claims, including claims arising under the Franchise Investment Law, as part of the negotiated settlement of a dispute.

The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act. Any restrictions on pricing may not be enforceable under California law.

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

The highest interest rate allowed by law in California is 10% annually.

The franchise agreement, Section 10.3.2(b), prohibits you from employing individuals who were employed by your Franchised Business or are employed by Franchisor or its franchisees, for a period of time after the term of the franchise agreement. This provision is not enforceable in California and is therefore deleted from the Franchise Agreement.

Section 22.2.2 of the Franchise Agreement relating to the Franchisee Disclosure Acknowledgment Statement is hereby deleted in its entirety.

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.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

THE FRANCHISOR'S WEBSITE 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.

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.

The collection of the initial franchise fee will be deferred until the Franchisor has fulfilled its initial pre- opening obligations and the Franchisee is open for business.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated ______________________________.

FRANCHISOR

By:_______________________________________
Name:_____________________________________
Title:______________________________________

FRANCHISEE:

By:_______________________________________
Name:_____________________________________
Title:______________________________________

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	Pending

Other states may require registration, filing or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT
(YOUR COPY)

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 Deli Delicious Franchising, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an Affiliate in connection with the proposed franchise sale. New York and Iowa require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days (14 calendar days for Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Deli Delicious Franchising, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit C

The franchisor is Deli Delicious Franchising, Inc., located at 2495 West Shaw Ave., Fresno, CA 93711. Its telephone number is (877) 306-7079.

Issuance date: April 11, 2024 (Effective dates of this Disclosure Document in states requiring registration can be found on the State Effective Date page).

The name, principal business address and telephone number of the franchise sellers for this offering are (check and/or fill in all that apply):

☐ Hesam Hobab, 2495 West Shaw Ave., Fresno, CA 93711, (559) 435-5305
☐ Ali Nekumanesh, 2495 West Shaw Ave., Fresno, CA 93711, (559) 435-5305
☐ William M. Foley, 2495 West Shaw Ave., Fresno, CA 93711, (559) 435-5305
☐ Corina De Leon, 2495 West Shaw Ave., Fresno, CA 93711, (559) 435-5305
☐ ____

Deli Delicious Franchising, Inc. authorizes the agents listed in Exhibit C to receive service of process for it.

I have received a disclosure document dated April 11, 2024 that included the following Exhibits:

A – Financial Statements	F – Table of Contents of Operations Manual
B – Franchise Agreement	G – State Addendum
C – List of State Administrators/Agents for Service of Process	
D – List of Franchisees	
E – List of Franchisees Who Have Left the System	

Date:______________________ ____
(Do not leave blank) Signature of Prospective Franchisee

____
Print Name

Please sign and return this Receipt immediately upon receipt in the manner required by the Franchisor.

RECEIPT
(FRANCHISOR COPY)

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 Deli Delicious Franchising, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an Affiliate in connection with the proposed franchise sale. New York and Iowa require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days (14 calendar days for Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Deli Delicious Franchising, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit C

The franchisor is Deli Delicious Franchising, Inc., located at 2495 West Shaw Ave., Fresno, CA 93711. Its telephone number is (877) 306-7079.

Issuance date: April 11, 2024 (Effective dates of this Disclosure Document in states requiring registration can be found on the State Effective Date page).

The name, principal business address and telephone number of the franchise sellers for this offering are (check and/or fill in all that apply):

☐ Hesam Hobab, 2495 West Shaw Ave., Fresno, CA 93711, (559) 435-5305
☐ Ali Nekumanesh, 2495 West Shaw Ave., Fresno, CA 93711, (559) 435-5305
☐ William M. Foley, 2495 West Shaw Ave., Fresno, CA 93711, (559) 435-5305
☐ Corina De Leon, 2495 West Shaw Ave., Fresno, CA 93711, (559) 435-5305
☐ ____

Deli Delicious Franchising, Inc. authorizes the agents listed in Exhibit C to receive service of process for it.

I have received a disclosure document dated April 11, 2024 that included the following Exhibits:

A – Financial Statements	F – Table of Contents of Operations Manual
B – Franchise Agreement	G – State Addendum
C – List of State Administrators/Agents for Service of Process	
D – List of Franchisees	
E – List of Franchisees Who Have Left the System	

Date:______________________ ____
(Do not leave blank) Signature of Prospective Franchisee

____
Print Name

Please sign and return this Receipt immediately upon receipt in the manner required by the Franchisor.