TH MATCHBOX FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

TH MATCHBOX FRANCHISING, LLC
1741 Business Center Drive, Suite 200
Reston, Virginia 20190
(703) 757-5500
www.matchboxrestaurants.com

We offer franchises for a business that provides a unique proprietary format and process relating to the development and operation of an American bistro-style full service restaurant (each a "**Matchbox restaurant**") featuring wood-fired pizzas, mini burgers, fresh salads, chef-inspired entrées and other menu items.

The total investment necessary to begin operation of a Matchbox restaurant is $1,112,500 to $2,318,500. This includes $60,000 that must be paid to the franchisor or its affiliate. The total investment necessary to begin operation under an Area Development Agreement (for three to five Matchbox restaurants) ranges from $93,000 to $155,000. This includes $54,000 to $78,000 that must be paid to us.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least fourteen (14 calendar) days before you sign a binding agreement with, or make any payment to, 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 Alex Berentzen, our Chief Operating Officer at 1741 Business Center Drive, Suite 200, Reston, Virginia 20190 or (703) 757-5500.

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

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

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

Issuance Date: March 9, 2023

HOW TO USE THIS FRANCHISE DISCLOSURE DOCUMENT

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

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

WHAT YOU NEED TO KNOW ABOUT FRANCHISING GENERALLY

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

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

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

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

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

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

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

SOME STATES REQUIRE REGISTRATION

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

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

SPECIAL RISKS TO CONSIDER ABOUT THIS FRANCHISE

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

1. **OUT-OF-STATE DISPUTE RESOLUTION**. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH THE FRANCHISOR BY MEDIATION, AND/OR LITIGATION ONLY IN VIRGINIA. OUT-OF-STATE MEDIATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO MEDIATE OR LITIGATE WITH THE FRANCHISOR IN VIRGINIA THAN IN YOUR OWN STATE.

2. **SHORT OPERATING HISTORY**. THE FRANCHISOR IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS A LIMITED OPERATING HISTORY. THIS FRANCHISE IS LIKELY TO BE A RISKIER INVESTMENT THAN A FRANCHISE IN A SYSTEM WITH A LONGER OPERATING HISTORY.

3. **ESTIMATED INITIAL INVESTMENT**. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM $1,112,500 TO $2,318,500. THIS AMOUNT EXCEEDS THE FRANCHISOR'S MEMBER'S EQUITY AS OF DECEMBER 25, 2022, WHICH IS $105,394.80.

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

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

To simplify the language in this disclosure document, "**Franchisor**", "**we**", "**us**" or "**our**" means TH Matchbox Franchising, LLC, the franchisor. "**You**" means the individual, corporation, or other entity that buys a Matchbox franchise. If the purchaser of the franchise is a corporation, partnership, or limited liability company, "**you**" means both the purchaser and the persons who own the business entity ("**Owners**").

The Franchisor

TH Matchbox Franchising, LLC is a Delaware limited liability company organized on July 1, 2019. We conduct business under the Matchbox name. Our principal business address is 1741 Business Center Drive, Suite 200, Reston, Virginia 20190. Our agents for service of process are listed in Exhibit G. We have offered franchises for Matchbox Restaurants since January 1, 2020. As of December 31, 2022, our affiliates operated 13 Matchbox Restaurants ("**Company-Owned Restaurants**") and there was one franchised Matchbox Restaurant. We have never offered franchises in any other line of business.

The Franchise Offered

The first Matchbox Restaurant opened in 2003 and quickly became known for wood-fired pizzas, mini burgers, fresh salads, and chef-inspired entrées, such as pan-seared salmon and oven-roasted filet mignon, crafted from high-quality ingredients with a chef at the helm in every kitchen. The Matchbox story came to life in Washington DC's then up-and-coming Chinatown neighborhood. The narrow, rectangular building was three stories tall, fifteen feet wide, and looked like a Matchbox. It stood vacant for so long, a tree grew inside of it, like kindling waiting to start a new fire. Matchbox was instrumental in changing the neighborhood. Matchbox Restaurants are friendly, high-energy gathering places with delicious food and drinks that bring people together to eat, drink, share, and gather.

Matchbox Restaurants are typically free-standing units or end units in shopping centers, and will need between 4,500 to 5,500 square feet of space. Matchbox Restaurant offer dine-in services, and with our written permission may offer delivery, take away and catering services.

Franchise Agreement

We grant franchises for franchised Matchbox Restaurants ("**Franchised Restaurants**") under a franchise agreement (the "**Franchise Agreement**"), the form of which is attached to this disclosure document as Exhibit A. Under the Franchise Agreement, you will be licensed to use trademarks, service marks, logos and other commercial symbols, including the name and mark "MATCHBOX®" (the "**Marks**"). We and our affiliates may modify the Marks from time to time.

Matchbox Restaurants are operated with uniform formats, designs, systems, methods, specifications, standards and procedures, all of which may be improved, further developed or otherwise modified from time to time by us and our affiliates (the "**System**"). The distinguishing characteristics of the System include our distinctive exterior and interior design, décor, color and identification schemes and furnishings; special menu items, standards, specifications and procedures for operations and distribution; quality of products and services offered; management programs; training and assistance; and marketing, advertising and promotional programs, all of which we may change, supplement, and further develop. You will be licensed to utilize the System under the Franchise Agreement. Our mandatory and recommended standards, policies and procedures are represented in our confidential and proprietary operations manuals (the "**Manuals**"), which we will make available to you during the term of your Franchise Agreement. We

have the right to change the Manuals and the elements of the System at any time without consultation with you.

Development Agreement.

If you meet certain qualifications established by us, and subject to our consent which can be withheld in our sole discretion, you may enter into an area development agreement ("**Development Agreement**") for the development of multiple Franchised Restaurants in a designated territory ("**Development Area**") according to a mandatory development schedule ("**Development Schedule**"). Our current form of Development Agreement appears in Exhibit B to this disclosure document. When you sign the Development Agreement, you will pay the development fee (see Item 5) for each Franchised Restaurant you agree to develop in the Development Area in one lump sum and you will receive the right and the obligation to develop a specified number of Franchised Restaurants by certain deadlines set forth in the Development Schedule. You will negotiate both the number of Franchised Restaurants and the Development Schedule with us. There is no minimum number of Franchised Restaurants that you are required to develop under the Development Agreement.

Prior to or simultaneously with the execution of the Development Agreement, you (or your Controlled Entity) must execute a Franchise Agreement for your first Franchised Restaurant in the form attached to this disclosure document as Exhibit A and pay the initial franchise fee (see Item 5) due under that Franchise Agreement. A "**Controlled Entity**" is a corporation, limited liability company, partnership, or other entity ("**Entity**") in which (1) you are the owner of a legal and/or beneficial interest in the Entity (an "**Owner**") of more than fifty percent (50%) of the ownership interests in the Entity; or (2) your Owners are the Owners of more than fifty percent (50%) of the ownership interests in the Entity.

You must sign a separate Franchise Agreement, in the then-current form used by us, for each additional Franchised Restaurant you develop under an Area Development Agreement. Our then-current form of Franchise Agreement may differ from the version of Franchise Agreement attached to this disclosure document. You or your affiliates must sign Franchise Agreements for, open, and begin operating each Franchised Restaurant on or before the dates listed in the Development Schedule.

Our Parents, Affiliates and Predecessor

Parents

We are a wholly-owned subsidiary of our parent, Thompson Matchbox Ventures, LLC ("**TM Ventures**"). TM Ventures was formed in Delaware on July 5, 2018 and shares our principal business address. TM Ventures operates our Company-Owned Restaurants. TM Ventures has not offered franchises in any line of business.

TM Ventures is a wholly-owned subsidiary of its parent, Thompson Retail Food Group, LLC a Delaware limited liability company formed in 2016. Thompson Retail Food Group, LLC is a wholly-owned subsidiary of Thompson Hospitality Corp. ("**THC**"), a Delaware corporation formed on July 29, 1997. THC owns the trademarks and intellectual property that we license to you. We have a license from THC to use and license such trademarks and intellectual property to Matchbox Restaurant franchisees. Neither of these companies have offered franchises in any line of business and they share our principal business address.

Affiliates

Our affiliate, Thompson Franchise Holding Company, LLC ("**TFH**"), is a Delaware corporation formed on August 19, 2015. TFH shares our principal business address. TFH has offered franchises for American Tap Room® restaurants since September 2016. As of December 31, 2022, there were two franchised American Tap Room restaurants.

Our affiliate, TH Big Buns Franchising, LLC ("**Big Buns Franchising**"), is a Delaware limited liability company formed on December 16, 2021. Big Buns Franchising shares our principal business address. Big Buns Franchising intends to start offering franchises of Big Buns Damn Good Burgers + Beer® restaurants in the future ("**Big Buns Restaurants**"). As of December 31, 2022, there were eight affiliate-owned Big Buns Damn Good Burgers + Beer® restaurants operated by TH Big Buns LLC.

Predecessor

Our affiliate, THC, acquired the Marks and the System from Matchbox Food Group, LLC ("**MFG**") on November 16, 2020 out of bankruptcy. THC also acquired the assets of nine Company-Operated Restaurants. MFG was a District of Columbia limited liability company formed in 2003. MFG operated Matchbox Restaurants from 2003 to 2020 and offered franchises for Matchbox Restaurants from 2018 to 2020. When THC acquired the Marks and the System, there was one franchised Matchbox Restaurant in operation. MFG did not offer franchises in any other line of business.

Market and Competition

The market for full service casual dining restaurants is well-established, highly competitive, generally mature and well developed. You will compete with a variety of restaurants, pizza restaurants, bars, caterers, grocery stores, take-out restaurants and convenience stores. The restaurant business is highly competitive based on price, service, restaurant location and food quality and is subject to fluctuations in consumer tastes, economic conditions, population, and traffic patterns. In each market, you will compete with locally owned restaurants, as well as national and regional restaurant chains. Some of our competitors have longer operating histories, larger and better financial resources, and better name recognition than Matchbox Restaurants. You may also compete with other affiliate-owned and franchised Matchbox Restaurants. The ability of each Matchbox Restaurant to compete depends on its location, ingress and egress, signage, parking, quality service, employee attitudes, overhead, changing local market and economic conditions, and many other factors both within and outside your control.

Industry-Specific Laws

The restaurant and food service industry is heavily regulated. Many of the laws, rules and regulations that apply to businesses generally have particular applicability to food service establishments. All Matchbox Restaurants must comply with federal, state and local laws applicable to the operation and licensing of food service businesses, including obtaining health, sanitation, no smoking, EEOC, OSHA, insurance, discrimination, employment, and sexual harassment laws. The Americans with Disabilities Act of 1990 requires readily accessible accommodations for disabled people and may affect your building construction, site design, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. You must also obtain real estate permits, alcoholic beverage licenses, other licenses, zoning approvals, and leasehold, signage, and site occupancy permits and certifications. You should consider the cost and time required to comply with these laws and regulations when evaluating a Matchbox franchise.

The difficulty and cost of obtaining alcoholic beverage licenses and the procedures for securing these licenses vary greatly from area to area. There is also wide variation in state and local laws and

regulations that govern the sale of alcohol. In addition, state "dram shop" laws give rise to potential liability for injuries that are directly or indirectly related to the sale and consumption of alcohol. Each of your managers and other employees we designate must be ServSafe (or similar) certified. Certain managers and other employees we designate (including bartenders) must also complete alcohol awareness or TIPS training.

The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce regulations that govern food preparation and service and restaurant sanitary conditions. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations. Certain provisions of these laws impose limits on emissions resulting from commercial food preparation. Compensation of restaurant employees (including minimum wage and overtime requirements) is governed by both federal and state laws. The Federal Clean Air Act and various state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particles, including caps on emissions from commercial food preparation. Some state and local governments also regulate indoor air quality, including limiting the use of tobacco products in public places, such as restaurants.

ITEM 2: BUSINESS EXPERIENCE

Director: Warren M. Thompson

Warrent Thompson has been one of our Directors since our formation in August 2015. He also has been President and Chairman of the Board of our affiliate, Thompson Hospitality Corporation, in Reston, Virginia, since October 1992.

Director: Benita Thompson Bvas

Benita Thompson Byas has been one of our Directors since our formation on August 2015. She also has been Sr. Vice President of Joint Ventures and Vice Chair of our affiliate, Thompson Hospitality Corporation, in Reston, Virginia, since October 1992.

Director & Chief Financial Officer: Ali Azima

Ali Azima has been one of our Directors since our formation in August 2015. He also has been Chief Financial Officer of our affiliate, Thompson Hospitality Corporation, in Reston, Virginia, since October 1992.

Alex Berentzen, Chief Operating Officer

Alex Berentzen has been our Chief Operating Officer since January 2023. From March 2019 to August 2022, he served as President and Chief Operating Officer of Organic Krush, LLC in Plainview, New York. From November 2017 to March 2022, he served as Vice President of Operations for Fox Restaurant Concepts, LLC in Phoenix, Arizona.

Mumia Fatiu, Vice President of Operations

Mumia Fatiu has been our Vice President of Operations since January 2023. He served as Senior Director of Operations of Ted's Montana Grill, Inc. in Atlanta, Georgia from November 2019 to December of 2022. Mr. Fatiu previously served as Director of Operations for FoodFirst Global Restaurants Inc. in Orlando, Florida from October 2018 to November 2019. From April 2015 to October 2018, Mr. Fatiu served as a General Manager for Matchbox Food Group, LLC in Washington, D.C.

Nicole White, Director of Training and Development

Nicole White has served as Director of Training and Development of Thompson Retail Food Group since July 2019. Prior to joining Thompson Retail Food Group, Ms. White served as Early Career Workforce Operation Manager for Lockheed Martin Corporation in Bethesda, Maryland from March 2017 to June 2019.

ITEM 3: LITIGATION

No litigation information is required to be disclosed in this item.

ITEM 4: BANKRUPTCY

In re Matchbox Food Group, LLC, (U.S. Bankruptcy Court, District of Maryland (Greenbelt), Bankruptcy Petition #: 20-17250). Our predecessor, MFG, filed a bankruptcy petition under the liquidation provisions of Chapter 11 of the United States Bankruptcy Code on August 3, 2020. An order confirming the Debtors' Plan of Liquidation dated December 21, 2020 was entered on March 9, 2021, and that plan became effective as of March 18, 2021.

No other bankruptcy information is required to be disclosed at this time.

ITEM 5: INITIAL FEES

Development Agreement

If you sign a Development Agreement, you must pay a development fee equal to $30,000 multiplied by the number of Franchised Restaurants that you agree to develop in the Development Area ("**Development Fee**"). You will pay the Development Fee in full when you sign the Development Agreement. The Development Fee is fully earned by us upon execution of the Development Agreement by you as consideration for the development rights you receive and is not refundable under any circumstances even if you fail to develop any Franchised Restaurants under the Development Agreement.

Franchise Agreement

The initial franchise fee for the right to operate a single Franchised Restaurant is $60,000. The initial franchise fee is non-refundable and is (1) fully payable in a lump sum upon execution of the Franchise Agreement and (2) deemed fully earned by us upon receipt.

If you sign a Development Agreement, you will pay an initial franchise fee in the amount of $30,000 for each Franchise Agreement that you sign for a Franchised Restaurant. You must sign your first Franchise Agreement at the same time you sign the Development Agreement and you will sign the remaining Franchise Agreements in accordance with the Development Schedule set out in the Development Agreement. The portion of the Development Fee allocated to each Franchised Restaurant is not credited towards the initial franchise fee.

The first five franchisees that sign a Franchise Agreement will receive a discount of $10,000 off of the initial franchise fee and will pay a franchise fee of $50,000. Honorably discharged veterans of the United States military will receive a discount of $10,000 off of the initial franchise fee and will pay a franchise fee of $50,000. Only one discount may be applied to any franchisee.

ITEM 6: OTHER FEES

Type of Fee[1]	Amount	Due Date	Remarks
Royalty	6% of Gross Sales	Weekly, on Wednesday of each week or as otherwise provided in Operations Manual	Royalty Fees are payable by automatic debit, and funds must be made available in your account for withdrawal. See Note 2 for a definition of Gross Sales.
Marketing Fund Contribution	Currently, 1% of Gross Sales	Weekly, at the same time as the Royalty Fee	We may increase your Marketing Fund Contribution by up to 0.5% (to a maximum of 3% of Gross Sales) upon 90 days' prior written notice. See Item 11 for further details.
Cooperative Contributions	Up to 1% of Gross Sales	Weekly	We have the right to establish local or regional cooperative marketing programs ("**Cooperatives**"). We do not currently collect any Cooperative Contributions. See Item 11 for further details.
Annual Conference Fee	$500	Upon demand	We may hold an annual conference for Matchbox restaurant operators. We will bill you for the tuition charge 30 days prior to the conference.
Insurance	Cost of procuring insurance plus $2,500	Upon demand	Payable if you do not provide proof of insurance for your Franchised Restaurant and we procure it on your behalf.
Transfer Fee	$15,000	$5,000 with transfer application; $10,000 at the closing on the transaction	Payable if you sell your franchise.
Reimbursement of Costs of Audit	Cost of the audit if we discover you have underreported Gross Sales by more than 2%.	Upon demand	Payable in addition to the amount understated and interest.
Interest on Late Payments	1.5% per month or the maximum rate permitted by applicable law	Upon demand with payment of overdue amount	We calculate interest from the date the payment was due until paid in full.

Type of Fee[1]	Amount	Due Date	Remarks
Insufficient Funds Charge	$50 or maximum amount permitted by applicable law, whichever is less	Upon demand	Payable if you deliver a payment which does not clear your account or if we are not able to complete an electronic funds transfer due to insufficient funds in your account.
Opening Training Expenses	The expenses of our representatives who provide opening training including travel, lodging and meals	Upon demand	We provide an opening training program for up to seven days at your Franchised Restaurant.
Additional Training Fee	Our then-current fee (currently $2,000 per person) plus costs and expenses	14 days before training	Payable for additional training programs we provide
Additional Onsite Training	Our then-current per diem fee (currently $1,000 per instructor per day) plus our expenses	Upon demand	Payable if we provide additional onsite training at your Franchised Restaurant
Renewal Fee	25% of the then current initial franchise fee	Prior to execution of the renewal documents.	Payable if you renew your franchise.
Prohibited Product or Service Fee	$500 per day of use of unauthorized products or services	If incurred	In addition to other remedies available to us.
Costs and Attorneys' Fees	Will vary under circumstances	Upon request	Payable if you default under a Franchise or Development Agreement, you must reimburse us for the expenses we incur (such as attorneys' fees) in enforcing and/or terminating the agreement.
Securities Offering	Will vary under circumstances	Upon request	If you propose to make an offering of any securities, you must reimburse us for our reasonable costs (including attorneys' fees and accounting fees) in evaluating your proposed offering.

Type of Fee[1]	Amount	Due Date	Remarks
Indemnification	Will vary under circumstances	Upon request	You must reimburse us for the costs we incur if we are sued or held liable for claims that arise from your operation of the Franchised Restaurant or in connection with any offer of your securities, or for costs associated with defending claims that you used the trademarks in an unauthorized manner.
Non-Compliance Fine	$1,000 for the first violation; additional $3,000 if violation is not corrected within 30 days	As incurred	Payable if you breach the Franchise Agreement, the Manuals or any other agreement with us and our affiliates. This is in addition to other remedies available to us.
Supplier or Product Testing	Actual costs	At time of inspection	Applies to new suppliers or supplies you wish to purchase that we have not approved. This fee is paid to third party vendors or to reimburse us if we have paid to third party vendors.
Prohibited Product Fine	$500 per day	As incurred	Payable if you sell any products or perform any services that are not approved.
Violation of Non-competition Covenant	$3,000 per week	As incurred	If you violate the covenant not to compete in the Franchise Agreement.
Promotional Expenses	$700 to $1,625 per month	As incurred	You may be required to participate in System-wide promotional programs that we may develop that may include providing promotional food items to guests as part of the program(s).
Liquidated Damages	Amount equal to the average weekly Royalty Fees that you owed us during the 52 weeks preceding termination multiplied by the lesser of 104 weeks or the number of weeks remaining in the term of your Franchise Agreement	Within 30 days following termination	Payable if we terminate the Franchise Agreement prior to its expiration.

Type of Fee[1]	Amount	Due Date	Remarks
Relocation Fee	$15,000	If you request permission to relocate your Franchised Restaurant	This covers our costs related to your relocation request.

1. Unless otherwise noted, all of the fees or charges described in this Item derive from the Franchise Agreement and all fees are non-refundable, payable to us, and uniformly imposed on all franchisees receiving this offering; however, we may, in some instances, waive or reduce some or all of these fees for particular franchisees. You must make all payments to us through an electronic funds transfer program by which payments due us are paid or directed electronically from your bank.

2. "**Gross Sales**" means the aggregate amount of all revenues generated from the sale of all products and services sold and all other income of every kind related to the Franchised Restaurant, whether for cash or credit (and regardless of collection in the case of credit), whether from sales on the premises, by delivery, from catering, or at wholesale (whether the sales method is permitted or not). You may not reduce Gross Sales by the amount of any discounts provided to employees, family members and other businesses that you control. Gross Sales do not include sales taxes or other taxes collected from customers for transmittal to the appropriate taxing authority, proceeds from the sale of gift cards or stored value cards, and customer refunds made in good faith. We have the right to modify our policies consistent with restaurant industry practices regarding revenue recognition, revenue reporting, and the inclusion in or exclusion of certain revenue from "Gross Sales" as circumstances, business practices, and technology change.

ITEM 7: YOUR ESTIMATED INITIAL INVESTMENT

TABLE NO. 1
YOUR ESTIMATED INITIAL INVESTMENT
FRANCHISE AGREEMENT

Type of Expenditure	Amount (Low Estimate)	Amount (High Estimate)	Method of Payment	When due	To whom payment is to be made
Initial Franchise Fee[1]	$60,000	$60,000	Lump Sum	Upon execution of the Franchise Agreement	Us
Travel Expenses to Attend Training[2]	$1,000	$10,000	As Incurred	As Incurred	Third Parties
Rent[3]	$35,000	$75,000	As agreed	As agreed	Landlord or land owner
Build-Out/Construction[4]	$787,500	$1,622,500	As agreed	As agreed	Suppliers
Fixture Package[5]	$100,000	$300,000	As agreed	As agreed	Suppliers
Initial Inventory[6]	$20,000	$30,000	As incurred	As incurred	Suppliers
Signage[7]	$10,000	$30,000	As arranged	As arranged	Suppliers
Computer Hardware, Software, and POS System[8]	$20,000	$30,000	As arranged	As arranged	Suppliers

Type of Expenditure	Amount (Low Estimate)	Amount (High Estimate)	Method of Payment	When due	To whom payment is to be made
Insurance[9]	$5000	$10,000	As arranged	As arranged	Insurance Agents/Brokers
Licenses, Permits[10]	$5,000	$8,000	As incurred	As incurred	Municipalities and other Government entities
Grand Opening Campaign[11]	$5,000	$20,000	As incurred	As incurred	Suppliers
Legal & Accounting[12]	$4,000	$8,000	As arranged	As arranged	Accountants, Lawyers, other Third Parties
Miscellaneous Opening Costs[13]	$10,000	$15,000	As incurred	As incurred	Suppliers
Additional Funds – 3 Months[14]	$50,000	$100,000	As incurred	As incurred	Employees, Suppliers, Utility Companies and Third Party Vendors
TOTAL[15]	$1,112,500	$2,318,500			

Notes:

Costs paid to us are not refundable, except as specifically described below. Whether any costs paid to third parties are refundable will vary based on the practice in the area where your Franchised Restaurant is located. We do not provide any direct or indirect financing for the initial franchise fee or other fees and costs paid to us or to third parties. If you meet the credit requirements determined by third party vendors, you may be able to obtain financing. The availability and terms of financing will depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of the financial institutions from which you request a loan. We do not determine the terms and conditions of any financing and we do not provide any guarantees for any financing provided to you by third parties.

1. See Item 5 for additional information regarding the initial franchise fee.

2. You must pay for the salaries and benefits, travel expenses and other expenses while you and your management staff attend the training program. These will vary based on your location, quality of accommodations, wages, per diem allotment, seasonality of travel expenses, and number of staff members. The estimate in this table include expenses for four to eight trainees. The low end of the range is the estimate for training that is local for the trainees and includes expenses for meals, but not travel or hotel.

3. We expect that you will either purchase or lease the real estate for the Franchised Restaurant. This estimate is for one to two months of pre-opening rent and a security deposit for a 4,500 to 5,500 square foot building. We expect most buildings will be approximately this size, but we may approve smaller buildings in our sole discretion. Your actual rent may differ based on market factors in your area. We do not lease or sell space to you.

4. This amount is based on our prior experience and is the costs of converting a raw space which needs to be fully converted for use as a Franchised Restaurant.

5. This includes the cost of food and beverage equipment, registers, booths, tables, cooking equipment, small wares, office equipment and supplies.

6. You must purchase an initial inventory as described in the Manuals that meet our specifications. The size of your initial inventory will depend on factors such as the size of your Franchised Restaurant and your expected customer base.

7. This estimate is for the cost of purchasing signage for your Franchised Restaurant that meets our specifications.

8. This includes the cost of the computer hardware, peripherals, and software that will serve as your point-of-sale computer system, cash drawer and the maintenance agreement for that system.

9. You must carry insurance. The amount set forth above represents an estimate of the premiums required for general liability (including dram shop liability, workers' compensation, public liability and property damage, cyber risk and other insurance requirements. See Item 8 for more details.

10. The range given provides our best estimate of the costs you will incur for business permits and licenses.

11. You will be required to spend a certain amount of money on a Grand Opening Campaign that we specify, which shall not be less than $5,000. You must get our approval for all elements of the Grand Opening Campaign.

12. We recommend that you consult an attorney of your own choosing to review this disclosure document and the Franchise Agreement, as well as an independent accountant before signing the Franchise Agreement. The costs of these professional fees will vary depending on your location and the professionals that you select.

13. Miscellaneous fees include additional supplies and products which may be specific to your location.

14. This is an estimate of the amount of additional operating capital that you may need during the first three months after opening your Franchised Restaurant. This is only an estimate, however, and there is no assurance that additional working capital will not be necessary during this start-up phase or after. It is best to contact your accountant or financial advisor for further guidance. If you commence operations with inadequate cash reserves, you may experience a total loss of your investment.

This category includes estimated payroll, utilities, vendor, advertising, promotion, Royalty Fees, Marketing Fund Contributions and similar costs during the initial phase of a new Franchised Restaurant. This is only an estimate, however, and there is no assurance that additional working capital will not be necessary during this start-up phase or after. Your costs will depend on factors such as how much you follow our System and procedures, the local market for purchasing food products, the prevailing wage rate, competition, and the sales level reached during the initial period. It is best to contact your accountant or financial advisor for further guidance.

15. We relied on the experience we have operating Company-Owned Restaurants to compile these estimates. Your costs may vary based on a number of factions discussed above, the size and condition of the space, your management skill, experience and business acumen, local economic conditions, the local market for products, the prevailing wage rate, competition, and the sales level reached during the start-up phase. We strongly recommend that you use these categories and estimates as a guide to develop your own business plan and budget and investigate specific costs in your area. You should review these figures with a business advisor before making any decision to purchase the franchise.

TABLE NO. 2
YOUR ESTIMATED INITIAL INVESTMENT
DEVELOPMENT AGREEMENT
3-5 RESTAURANTS

Type of Expenditure	Amount Low Estimate[1]	Amount High Estimate[1]	Method of Payment[1]	When Due	To whom payment is to be made
Development Fee[2]	$90,000	$150,000	Lump sum	Upon signing Development Agreement	Us
Business Plan Preparation, Legal Fees & Miscellaneous Expenses[3]	$3,000	$5,000	As incurred	As incurred	Third parties
Total	$93,000	$155,000			

Notes

1. Costs paid to us are not refundable, except as specifically described below. Whether any costs paid to third parties are refundable will vary based on the practice in the Development Area. We do not provide any direct or indirect financing for the Development Fee or other fees and costs paid to us or to third parties. If you meet the credit requirements determined by third party vendors, you may be able to obtain financing. The availability and terms of financing will depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of the financial institutions from which you request a loan. We do not determine the terms and conditions of any financing and we do not provide any guarantees for any financing provided to you by third parties.

2. You will sign a Development Agreement to reserve a Development Area in which you will develop multiple Matchbox restaurants under a Development Schedule. These amounts estimate that you will develop three to five Matchbox restaurants in the Development Area. Your estimated initial investment under the Development Agreement will vary depending on the number of Matchbox restaurants you develop within the Development Area. No part of this initial investment is refundable, although we will apply your development fee towards the initial franchise fees owed under the Franchise Agreements that the Development Agreement covers.

3. We recommend that you prepare a business plan prior to purchasing this franchise opportunity. Except for the Development Fee, there is no additional initial investment for training, real property, equipment, fixtures, other fixed assets, construction, remodeling, leasehold improvements, decorating costs, inventory, security deposits, utility deposit, business licenses, other prepaid expenses or other costs required to begin operating under the Development Agreement.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Approved Products and Suppliers

There are certain foods, beverages and products that are selected by us for consistency in quality and other considerations. These items, such as certain brand name products, are manufactured or produced only by manufacturers or producers approved by us in writing. To ensure that you adhere to the uniformity requirements and quality standards associated with all the Matchbox franchises, you must purchase these

items for your Franchised Restaurant from any approved distributor that can supply them. We will provide a written list of these selected foods, beverages and products. We will also notify you of any additions to or deletions from this list.

You must purchase certain foods, beverages and products that satisfy the written standards and specifications established by us. This requirement is necessary to ensure that you adhere to the uniformity requirements and quality standards associated with all the Matchbox franchises. We will provide you with written standards and specifications for the layout of your Matchbox premises, your equipment and signs, the décor and trade dress of your Franchised Restaurant, and certain food and beverage items. We determine our uniformity and quality standards and specifications, in our sole discretion. We may modify our written standards and specifications, and you must comply with any modifications. You will be responsible for ensuring that all the foods, beverages and products selected by you will continue to conform to the standards and specifications established by us.

You must purchase or lease certain foods, beverages, products, equipment, containers, packaging supplies, paper goods and other product service items for the preparation and service of all menu items required for your Franchised Restaurant from suppliers approved by us. We will provide a written list of approved suppliers and the foods, beverages and products subject to approved supplier requirements and will notify you of any additions or deletions from this list. We reserve the absolute right to update or otherwise modify this list from time to time, in our sole discretion, upon written notice to you. If you want to purchase products subject to our approved supplier requirements from a supplier who has not been previously approved by us, then you must, at your expense, send to us representative samples or specifications of that supplier's products or services, and certain other information about the supplier's products and business that we may request. We will also have the right to inspect the supplier's facilities and otherwise evaluate the proposed supplier and its products or services, and you must reimburse us for the expenses we incur to inspect and evaluate the supplier. Within 30 days after receiving the necessary samples and information, we will notify you in writing as to whether the supplier's products or services comply with the uniformity requirements, quality standards and specifications established by us, and whether the supplier's business reputation, delivery performance, credit rating and other relevant information are satisfactory. If we do not respond in this time period, the supplier shall be deemed disapproved. The criteria for supplier approval are available to franchisees upon request. We reserve the right to approve or disapprove any requested supplier for any reason or no reason in our sole discretion.

We estimate that purchases of food, beverages and products that meet our standards and specifications and purchases from designated or approved suppliers will constitute up to 80% of your initial expenditures to open your Matchbox franchise, and approximately 80% of the annual ongoing expenditures to operate your Franchised Restaurant.

Neither we nor any of our affiliates currently sells or leases any products or services to you. However, we or our affiliate may be a designated or approved supplier in the future. None of our officers own any ownership interests in any unaffiliated, designated, or approved suppliers.

Revenue from Franchisee Purchases

We reserve the right to negotiate rebates and other forms of compensation from suppliers. If we do, we may use any amounts that we receive from suppliers for any purpose we deem appropriate. In our last fiscal year, we and our affiliates did not receive any rebates or payments from approved suppliers on account of franchisee purchases or leases of required and approved items from those suppliers.

We do not provide material benefits to you (for example, renewal or granting additional franchises) for purchasing particular products or services or using particular suppliers.

There currently are no purchasing or distribution cooperatives for the System. We and our affiliates negotiate purchase arrangements with suppliers (including price terms) for the benefit of our franchisees and our affiliates for the items and services that you may obtain only from approved suppliers. In doing so, we and our affiliates seek to promote the overall interests of the Matchbox restaurant system.

Insurance

You must obtain and maintain at your own expense the insurance coverage that we and your landlord (if applicable) periodically require, and you must meet the other insurance-related obligations in the Franchise Agreement. Currently, we require you to maintain the following coverages:

COVERAGE	MINIMUM LIMITS
Workers' Compensation	Statutory
Employers' Liability	$2,000,000 per occurrence
Commercial General Liability (including liquor liability and terrorism coverage)	$2,000,000 per occurrence $10,000,000 annual aggregate
Products Liability	Per occurrence included in Commercial General Liability, with separate annual aggregate of $5,000,000
All-Risk Property (fire)	Restaurant premises replacement cost with 12 months' business interruption
Business Interruption	At least $100,000
Automobile Liability Insurance for owned, hired and non-owned vehicles	$2,000,000 per accident (includes deliveries by your employees)
Fire Damage/Legal Liability	$1,000,000
Cyber Liability	$1,000,000 for one Restaurant and $3,000,000 for three or more Restaurants
Commercial Umbrella Liability Insurance	$200,000

We may require you to obtain insurance coverage for other risks or increase the required amount of coverage and require different or additional insurance during the Franchise Agreement term. Premiums will depend upon the insurance carrier's charges, terms of payment and your loss history. Each insurance policy must: (1) name us and our affiliates as an additional named insureds and contain a waiver of all subrogation rights against us; (2) provide for 30 days' prior written notice to us of any material modification, cancellation, or expiration of the policy; (3) provide that coverage applies separately to each insured against whom a claim is brought; (4) contain no provision which limits coverage in the event of a claim by a party who is indemnified under the Franchise Agreement; (5) be primary; and (6) extend to and provide indemnity for all obligations assumed by you under the Franchise Agreement. You must obtain our approval of your insurance carriers and provide evidence of coverage as and when we may require.

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 other items of this disclosure document.

Obligation	Section in Franchise Agreement (FA) and Development Agreement (DA)	Disclosure Document Item
a. Site selection and acquisition/lease	FA: 2. 1- 2.6 DA: Not applicable	Item 11
b. Pre –opening purchase/leases	FA: 2.4 – 2.10 DA: Not applicable	Items 7 and 8
c. Site development and other pre-opening requirements	FA: 2 DA: Not applicable	Items 7 and 11
d. Initial and ongoing training	FA: 6 DA: Not applicable	Item 11
e. Opening	FA: 2.10 DA: Not applicable	Item 11
f. Fees	FA: 2.11, 5, 6, 8.19, 8.22, 8.23, 10.4, 12.7, 14.4, 18.3, 20.4, & 20.6 DA: 3, 7.4.9, 7.6.1, 9.1.6	Items 5 and 6
g. Compliance with standards and policies/ Manual	FA: 8 & 11 DA: Not applicable	Items 8, 11 and 14
h. Trademarks and proprietary information	FA: 3 DA: 10	Items 13 and 14
i. Restrictions on products/services offered	FA: 8.5 -8.6 DA: Not applicable	Items 8 and 16
j. Warranty and customer service requirements	FA: Not applicable DA: Not applicable	Not Applicable
k. Territorial development and sales quotas	FA: 1.2 DA: 1 & 4	Item 12
l. Ongoing product/service purchases	FA: 8.8 DA: Not applicable	Item 8
m. Maintenance, appearance, and remodeling requirements	FA: 8.2 DA: Not applicable	Item 17
n. Insurance	FA: 12 DA: Not applicable	Items 7 and 8
o. Advertising	FA: 9 DA: Not applicable	Items 6 and 11
p. Indemnification	FA: 13.5 DA: 11.3	Item 6
q. Owner's participation / management / staffing	FA: 8.1 DA: 5	Item 15
r. Records and reports	FA: 10 DA: Not applicable	Item 6
s. Inspections and audits	FA: 7.6 & 10.4 DA: Not applicable	Items 6 and 11

Obligation	Section in Franchise Agreement (FA) and Development Agreement (DA)	Disclosure Document Item
t. Transfer	FA: 19 & 20 DA: 6 & 7	Items 6 and 17
u. Renewal	FA: 4 DA: Not applicable	Item 17
v. Post-termination obligations	FA: 18 DA: 9	Item 17
w. Non-competition covenants	FA: 14 DA: 12	Item 17
x. Dispute resolution	FA: 25 DA: 15	Item 17
y. Guarantee of franchisee obligations	FA: Exhibit B DA: Exhibit B	Item 15

ITEM 10: FINANCING

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

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

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

Pre-Opening Assistance

Before you begin operation of the Franchised Restaurant, we will:

(1) designate your Protected Territory (Section 1.2 of the Franchise Agreement);

(2) review the site you select for the Franchised Restaurant to determine if it complies with requirements for a Matchbox restaurant (Section 2.2 of the Franchise Agreement);

(3) provide site selection counseling and assistance as we may deem advisable for a site and such on-site evaluation as we may deem advisable in response to your request for site approval (Section 2.2 of the Franchise Agreement);

(4) furnish to you a set of prototype or protostyle plans and specifications for the Franchised Restaurant, including requirements for dimensions, exterior design, interior design and layout, image, building materials, fixtures, equipment, furniture, signs and decor, all as included in the System (Sections 2.7 and 7.1 of the Franchise Agreement);

(5) provide an initial training program in the establishment and operation of the Franchised Restaurant. The initial training program is described in more detail below and will be provided after you sign the Franchise Agreement (Section 6.1 of the Franchise Agreement);

(6) make available to you any assistance that we may deem is required, based on our experience and judgment, in pre-opening, opening and initial business operation of the Franchised Restaurant, which assistance shall conform to that furnished to other existing franchisees (Section 7.2 of the Franchise Agreement);

(7) assist you with the grand opening advertising program and ongoing local marketing programs for the Franchised Restaurant (Section 7.4 of the Franchise Agreement)

(8) make available to you a copy of the Manuals, which will include standards and specifications for procedures, management, and operation of the Franchised Restaurant (Section 11.1 of the Franchise Agreement). The table of contents of the Manuals is attached as Exhibit D. There are over 300 total pages in the Manuals.

Post-Opening Assistance

During the operation of the Franchised Restaurant, we will:

(1) license to you the right to use the Marks in connection with the Franchised Restaurant (Section 3.11 of the Franchise Agreement).

(2) provide you with guidelines and assist you in the acquisition of items required to operate your Franchised Restaurant (Sections 7.5, 7.8, 8.6, and 8.7 of the Franchise Agreement);

(3) provide general advisory assistance, including site visits, as we believe necessary to help you in the ongoing operation, advertising and promotion of the Franchised Restaurant (Sections 7.5 and 7.6 of the Franchise Agreement);

(4) provide the names and addresses of newly approved and designated suppliers for the foods, beverages and products required by us to be used or sold in your Franchised Restaurant (Section 8.7 of the Franchise Agreement);

(5) provide a list of the designated and approved suppliers for the products and services required by us for use or sale in your Franchised Restaurant (Section 8.8 of the Franchise Agreement);

(6) administer and maintain the Marketing Fund in our discretion (Section 9.1 of the Franchise Agreement);

(7) provide you with the specifications for any advertising and marketing materials you use to promote the Franchised Restaurant (Section 9.2.3 of the Franchise Agreement); and

(8) provide you with updates, revisions and amendments to the Manuals as we deem necessary (Section 11.3 of the Franchise Agreement).

Marketing Fund

We have the right to establish a systemwide marketing fund (the "**Marketing Fund**") for the enhancement, promotion and protection of the System and the Marks, and for the development of advertising, marketing, and public relations programs and materials as we deem appropriate with monies collected from franchised and Company-Owned Restaurants. You must contribute a percentage of your Gross Sales weekly to the Marketing Fund. We have the right to direct all advertising, media placement, marketing and public relations programs and activities financed by the Marketing Fund, with final discretion over the

strategic direction, creative concepts, materials and endorsements used, and the geographic, market and media placement and allocation. You must participate in all advertising, marketing, promotions, research, and public relations programs instituted by the Marketing Fund.

When the Marketing Fund is established, you must contribute 1% of the weekly Gross Sales of your Franchised Restaurant to the Marketing Fund. We may increase the Marketing Fund Contribution by up to 0.5% (to a maximum of 3% of Gross Sales) upon 90 days' notice. Company-Owned Restaurants will contribute to the Marketing Fund on the same basis as comparable franchisees.

Among the programs, concepts, and expenditures for which we may utilize the Marketing Fund monies are: (1) creative development and production of print ads, commercials, radio spots, point of purchase materials, direct mail pieces, door hangers, free standing inserts, brochures, logo wear, labeling, video, audio, and written materials and electronic media, and other advertising and promotional materials; (2) media placement and buying, including all associated expenses and fees; (3) administering regional and multi-regional marketing and advertising programs; (4) market research and customer satisfaction surveys, including the use of secret shoppers; (5) the creative development of, and actual production associated with, premium items, giveaways, promotions, sweepstakes, contests, public relation events, and charitable or nonprofit events; (6) creative development of signage, posters, and individual Matchbox restaurant décor items including wall graphics; (7) recognition and awards events and programs including periodic national and regional conventions and meetings; (8) design, establishment, and maintenance of websites, extranets, intranets, search rankings, social media profiles, mobile application and other digital marketing; (9) retention and payment of personalities engaged as spokespersons, advertising and promotional agencies, endorsement contracts, and other outside advisors including retainer and management fees; (10) sponsorship of sporting, charitable, or similar events; and (13) public relations and community involvement activities and programs

The Marketing Fund also may be used to pay our reasonable salaries and expenses of our and our affiliates' employees who work on advertising, marketing, public relations materials, programs, activities or promotions prepared, planned or undertaken on behalf of the Marketing Fund and professional fees and administrative costs and overhead that we or our affiliates incur in activities reasonably related to the administration and activities of the Marketing Fund (including accounting fees, legal fees, and interest on monies borrowed by the Marketing Fund). We will not use the Marketing Fund for anything whose sole purpose is solicit prospective franchisees, however, the System website, public relations activities, community involvement activities and other activities supported by the Marketing Fund may contain information about franchising opportunities.

We will prepare an annual, unaudited statement of Marketing Fund collections and expenses within 60 days after our fiscal year end and will provide a copy of the statement to all franchisees. We retain the final authority on all programs financed by the Marketing Fund. We have the right to change or dissolve the Marketing Fund at any time. If we disband the Marketing Fund, we will spend all monies in the fund for advertising and/or promotional purposes or distribute all unspent monies to contributors in proportion to their respective Marketing Fund contributions during the preceding 12-month period.

The Marketing Fund (including any earnings on unspent funds) will be used to maximize general public recognition, acceptance, and patronage of Matchbox restaurants. We are not obligated to make Marketing Fund expenditures for you which are equivalent or proportional to your contributions, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Marketing Fund. The Marketing Fund is not a trust and we have no fiduciary obligation in collecting payments, maintaining the bank account, bookkeeping, or disbursement of monies from the Marketing Fund. We did not collect or expend any monies for the Marketing Fund in 2022. (Franchise Agreement, Section 10.3)

Regional and Local Advertising

You must make any grand opening advertising expenditures as may be required by us, your landlord and/or by the terms of your lease, which shall be at least $5,000. You must obtain our approval of the grand opening advertising campaign before such campaign is conducted.

You must spend at least 1% of the Gross Sales of the Franchised Restaurant each month on local advertising and marketing. Your advertising should be tailored to your Protected Territory.

You must, at our request, provide invoices or other supporting documentation to us to substantiate your local advertising expenditures. If you fail to meet this minimum requirement, you will pay the difference between what you should have spent and what you actually spent into the Marketing Fund. You will not establish a website or social media page for your Franchised Restaurant including social media accounts or pages without our prior consent.

We will provide you with the specifications for any advertising and marketing materials you use to promote your Franchised Restaurant. However, you may not use advertising and marketing materials sourced from any other supplier without first obtaining our approval. All advertising placement is at your own discretion and cost.

If other Franchised Restaurants are located in your area, you will be required to participate in any local advertising cooperative ("**Cooperative**") that we establish, if we require your participation. You will contribute weekly to the Cooperative up to 1% of Gross Sales (unless a majority of the Cooperative votes to increase that amount). Your participation may include paying a pro rata share of any directory listing(s), which will count towards your local advertising requirement. We do not currently have or currently have plans for a local or regional advertising cooperative.

Each Cooperative will adopt a Cooperative agreement governing the organization and operation of the Cooperative, subject to our approval. If the members of the Cooperative do not sign an agreement within a reasonable time, the members will sign our recommended form of Cooperative Agreement. We reserve the right to change the form of organization, governing documents, and manner of operation of any Cooperative. No changes in the bylaws or other governing documents of a Cooperative may be made without our prior written consent. No advertising or promotional plans or materials may be used by a Cooperative or furnished to its members without our prior approval. We and our designated agents will have the right to examine and copy, at their expense, on reasonable notice and during normal business hours, the books, records, and accounts of any Cooperative. We will also have the right, at any time, to have an independent audit made of the books of any Cooperative. The Cooperative will be required to prepare annual financial statements for review by its members.

You will be required to participate in promotional programs under the terms we establish which we may change in our sole discretion. Your participation may include a requirement that you provide free food as incentives and rewards.

If you desire to use materials from sources other than us, you must send us for our review samples of any advertising, promotional and marketing material which we have not prepared or previously approved before you use them. If you do not receive written approval within 15 days after we receive the materials, they shall be deemed disapproved. You may not use any advertising or promotional materials that we have disapproved.

We do not have a franchisee advisory or advertising council.

Gift Cards and Loyalty Program

You must participate in programs we establish relating to gift cards, gift certificates, stored value cards, online or mobile coupons or credits, online or mobile ordering systems, and other electronic money programs. Participation includes both issuing program benefits or credits and accepting them for payment by customers, and may require you to purchase additional equipment. We will coordinate the crediting and debiting of funds among Matchbox restaurants based on customer purchases and redemption of stored value. You must participate in Matchbox rewards, our loyalty program, which offers our guests exclusive offers such as free birthday pizza, discount days, and more. In order to participate you may be required to enter into a contract with a designated vendor and offer discounts and free redemption products in accordance with the rewards program.

Website

We will maintain a corporate website to advertise, market and promote the Matchbox business and our business worldwide, as well as franchise opportunities (the "**Corporate Website**"), which we periodically may update and modify. We will list your Matchbox location and other information related to your Franchised Restaurant on our Corporate Website. All e-commerce activity will be conducted through the Corporate Website or a mobile application that we may develop at our discretion. You are not be permitted to offer or sell any products over the internet. You may not use any other Internet or mobile site, account or web pages in connection with the Franchised Restaurant or otherwise containing or displaying the Marks, including but not limited to, YouTube, Facebook, Twitter, Snapchat, LinkedIn or Instagram without our approval and written consent. In addition, you cannot operate or build a website through other electronic media that provides content in the areas of the business that we operate even if the site does not mention Matchbox or contain any of its information or branding, even if said site is not in connection with the Matchbox business without our written consent.

Social Media Policy

You must comply with our Social Media Policy for all social media profiles or accounts related to the Franchised Restaurant. Your compliance will include but not be limited to granting us full administrative rights and providing us password access to all social media profiles or accounts relating to the Franchised Restaurant, obtaining our written consent before establishing or terminating any social media profiles or accounts relating to the Franchised Restaurant, and conforming with our guidelines regarding content.

Computer Requirements

You must acquire and install in your Franchised Restaurant, at your own expense, the point of sale (POS) system, back office computers and other computer equipment, digital menu boards, communications devices, audio/visual equipment, and software systems that we specify in writing from time to time. Our specifications may evolve over time and, in some cases, required items may only be available through us and/or designated suppliers.

You must use the Micros point of sale (POS) system and associated software. You must purchase this POS equipment new from Oracle. The POS system collects transaction data used to generate pertinent information, including transaction counts, product mix, and average check. You must transmit data to us at the times we specify and give us independent access to your systems (and provide us with any user names and passwords necessary for that purpose). There are no contractual limitations on our ability to access the information and data contained in your systems. We and our affiliates have the right to retain the information and to use it internally without restriction.

You also must purchase a computer for management use that uses a designated operating system and is capable of running the required software and a printer. The computer must have a high-speed interface that permits you to connect to the Internet and to transmit and receive email and access Internet websites. You must obtain the back-office software that we specify including digital ordering systems, cost of goods sold management systems, digital menu boards and music software. The type and number of computers and other hardware, software, and telecommunications equipment may vary depending on the size of your Franchised Restaurant.

The estimated initial cost for your point of sale system, computers and software ranges from $20,000 to $30,000. You are responsible for all maintenance costs associated with the computer hardware and computer software at your sole expense. We may require you to enter into software or computer maintenance contracts with third parties or our affiliates. We estimate that the cost of this obligation with generally range from $36,000 to $48,000 per year. There is no contractual limitation on the frequency and cost of this obligation. Neither we nor our affiliates have any obligation to provide ongoing maintenance, repairs, or upgrades to your POS System or other computer or technology systems. You will need to discuss these obligations with any supplier that sells you components of your POS system and computer system.

You must also use our online ordering service (and, if we implement them, our online ordering service and/or mobile ordering service) which will be handled by a third party or third parties. We currently use OLO Inc.'s online ordering platform. The principal function of the system is to capture, track, and organize the customer orders and financial information including sales, taxes, inventory, and transactions. All items sold must be entered in your point of sale system.

You must ensure that you are maintaining a Payment Card Industry ("**PCI**") compliant security service subscription to protect the confidentiality of information gathered from customers' credit cards and other payment cards. The point of sale vendor may offer this service, however, if it does not or it discontinues this service you must enroll in a new service. We will designate the PCI compliant vendor that you must use and the security service subscription that you must subscribe to in the Manuals.

Initial Training

Our operational training program consists of a total of approximately 156 hours of instruction concerning all aspects of the operation and management of the Franchised Restaurant, including review and discussion of the Manuals and other detailed aspects of the operation of your business. The cost for training your management team (up to four members) is included in the Initial Franchise Fee. If you request that we provide our initial training program to additional trainees, whether before your Franchised Restaurant opens or while it is operating, you must pay our then-current training fee for each additional trainee. The training will take place at an existing Matchbox restaurant or at another location that we designate. Our training program is mandatory and is conducted throughout the year on an "as-needed" basis. All training must be completed to our satisfaction. You must pay all expenses that you and your team incur while attending our training program and any refresher training program that we require, including travel, lodging, meals, and applicable wages. If you fail to complete our training program to our satisfaction, we have the right to terminate your Franchise Agreement without providing you a refund of the initial franchise fee. Your trainees must sign our Training Participation Agreement, the current form of which is attached as Exhibit C.

The materials that we use in our initial training program include our Manuals and other instructional materials that we believe are beneficial to the training process. Currently, we project the following training schedule, which is subject to change:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Food, HoH Systems, + Procedures	0	80	Matchbox restaurant in Northern Virginia
Full Inventory	0	8	Matchbox restaurant in Northern Virginia
Clean 15 Inventory	0	8	Matchbox restaurant in Northern Virginia
FOH Hourly Training	2	12	Matchbox restaurant in Northern Virginia
GM + Manager Role and Responsibilities	0	40	Matchbox restaurant in Northern Virginia
Loyalty Program	2	0	Our Reston, Virginia Headquarters
HotSchedules	2	0	Matchbox restaurant in Northern Virginia
Restaurant Financials	2	0	Our Reston, Virginia Headquarters
Leadership + Effective Management Skills	10	0	Our Reston, Virginia Headquarters
TripleSeat + Private Events	4	0	Matchbox restaurant in Northern Virginia
OpenTable	2	0	Matchbox restaurant in Northern Virginia
Total	24	148	

Training will be provided by our Vice President of Operations, Mumia Fatiu, our Director of Training and Development, Nicole White, and any other qualified subject matter expert designated by us. Mr. Fatiu joined us in January 2023 and has less than a year of training experience with us and 20 years of training experience with other restaurant concepts. Ms. White has more than three years of training experience with us and more than three years of training experience with other restaurant concepts.

Site Selection

You must operate the Franchised Restaurant from the approved location within the Site Section Area that we designate in your Franchise Agreement. The site for the Franchised Restaurant should be no less than 4,500 square feet in size, although we in our sole discretion may approve a smaller site, and include sufficient space for among other things an administrative office and access to parking facilities. You must obtain our approval of the site you select for location of your Franchised Restaurant. Within 90 days after you sign the Franchise Agreement, you must submit a completed site approval package to us and other

materials which we may reasonably require. We will have 30 days to approve or disapprove the site that you propose.

Our site selection and/or acceptance is based on residential population, traffic counts and patterns, competing establishments, median income levels, availability of parking, rental and lease terms, physical configuration of the site and growth trends in the area. We are not obligated to approve any site selected, but we will not unreasonably withhold our approval of a site that meets the minimum criteria for your business premises. You must sign a conditional assignment of lease in the form attached to the Franchise Agreement. If you do not find a suitable site within the time period set forth in the Franchise Agreement, we can terminate the Franchise Agreement and keep the Initial Franchise Fee. Our approval of your site is not a guaranty or warranty that the Franchised Restaurant will be successful. We neither generally own nor generally leases the site to or for you.

Opening

You may not open the Franchised Restaurant until you and your staff (as required) have completed the initial training program and satisfied all of the other pre-opening obligations, including, securing all required licenses and insurance, hiring sufficient staff, ordering and receiving your equipment and initial inventory, and you have built out of the space in accordance with our System standards.

You must open your Franchised Restaurant within nine months after obtaining possession of the site for the Franchised Restaurant. This is the typical length of time necessary to open a Franchised Restaurant. Your ability to obtain a lease, financing, or building permits; zoning and local ordinances; or delayed installation of equipment, fixtures, and signs may also affect when you open the Franchised Restaurant. If you fail to timely open your Franchised Restaurant, we can terminate the Franchise Agreement.

ITEM 12: TERRITORY

Franchise Agreement

Each Franchise Agreement is granted for the Franchised Restaurant premises (the "**Approved Location**"), which is a specific location that we accept. You must operate the Franchised Restaurant only at the Approved Location. During the term of the Franchise Agreement, we will not operate, or grant the right to any other party to operate, a Matchbox restaurant at any location within the "**Protected Territory**" designated in your Franchise Agreement. Your Protected Territory may overlap with the Protected Territory(ies) assigned to other Matchbox restaurants. The Protected Territory will be a smaller radius around the Franchised Restaurant if it is located in an urban setting. For locations in urban areas the Protected Territory will be the area within a radius of up to a quarter of a mile around the location approved for the Franchised Restaurant, and for locations in suburban areas the Protected Territory may be up to a two mile radius of the Franchised Restaurant. The exact Protected Territory around your Franchised Restaurant will be agreed upon before signing the Franchise Agreement.

We and our affiliates reserve all rights that are not expressly granted to you under the Franchise Agreement. Among other things, we and our affiliates have the sole right to do any or all of the following (notwithstanding proximity to your Protected Territory or Franchised Restaurant or their actual or threatened impact on sales at your Franchised Restaurant): (1) operate or license others to operate at any location, during or after the term of the Franchise Agreement, any type of restaurant other than Matchbox restaurants; (2) operate or license others to operate, during the term of the Franchise Agreement, Matchbox restaurants at any location other than in the Protected Territory; (3) operate or license others to operate, after the Franchise Agreement terminates or expires, Matchbox restaurants at any location, including within

the Protected Territory or at the Approved Location; (4) merchandise and distribute goods and services identified by the Marks at any location through any other method or channel of distribution, including through e-commerce, and grocery stores, supermarkets, club stores, and similar retail outlets; (5) operate or license others to operate Matchbox restaurants at any Non-Traditional Sites within or outside the Protected Territory; (6) develop and own other franchise systems for the same or similar products and services using trade names and trademarks other than the Marks; and (7) acquire, be acquired by, merge or combine with, a business operating one or more food service businesses located or operating anywhere. "**Non-Traditional Sites**" include military facilities, government facilities, schools, colleges, universities, airports, train stations, bus stations, travel plazas, stadiums, arenas, convention centers, convenience stores, ghost and virtual kitchens, hospitals, theme parks, food courts, food trucks, venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider, Indian reservations, casinos or any similar captive market location not reasonably available to you, whether currently existing or constructed or established subsequent to the date that you sign the Franchise Agreement.

The Protected Territory granted to you is not dependent upon the achievement of a certain sales volume, market penetration or other contingency. There are no circumstances under which the protected area granted to you may be altered before the expiration or termination of the Franchise Agreement, without our mutual consent.

You may sell our proprietary products and related merchandise to retail customers and prospective retail customers who live anywhere but who choose to visit the Franchised Restaurant. You may not engage in any promotional activities or sell our proprietary products or similar products or services, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system (collectively, the "**Electronic Media**"); through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere. You may not place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located outside of your Protected Territory. You may not sell our proprietary products to any business or other customer for resale.

We and our affiliates may, and currently do, sell products under the Marks within and outside your Protected Territory through various methods of distribution other than a dedicated Matchbox franchise, including sales through channels of distribution such as the Internet, catalog sales, telemarketing, retail stores that sell food products and grocery stores, or other direct marketing sales (together, "**alternative distribution channels**"). There are no restrictions on our right to solicit or accept business from consumers inside the Protected Territory without paying any compensation to you. You may not use alternative distribution channels to make sales outside or inside your Protected Territory. However, you may face competition from these alternative distribution channels within your Protected Territory.

Relocation

You may not relocate the Franchised Restaurant without our prior written approval. We will base our review of your request on a variety of factors, including population density, the proximity of other Matchbox restaurants and other relevant demographic factors. If we approve a relocation of the Restaurant, you must pay a relocation fee in the amount of $15,000.

Development Agreement

During the term of the Development Agreement, we and our affiliates will not operate, or license others to operate, any new Matchbox restaurants in your Development Area, provided that you are in

compliance with the terms of the Development Agreement and any other agreements with us and our affiliates and you are current on all obligations due to us and our affiliates. However, we may operate, and license others to operate, Matchbox restaurants in the Development Area that are open and operating or under development when you sign the Development Agreement. We reserve the same rights in your Development Area as we do in your Protected Territory as described above.

Rights of First Refusal

We do not grant you any options, rights of first refusal, or similar rights to acquire additional franchises under either the Franchise Agreement or the Development Agreement.

Other Restaurant Concepts

As noted in Item 1, we have several affiliates that offer franchises for other restaurant concepts under different trademarks. These restaurants currently offer significantly different menus but they do also offer some similar goods and they may offer similar goods or services in the future. You do not receive any rights with respect to the franchises offered by our affiliates. Neither we nor any of our affiliates have established any formal procedures to resolve conflicts that may develop among the affiliates concerning territory, customers, or franchisor support.

ITEM 13: TRADEMARKS

Under the Franchise Agreement, we grant you the non-exclusive right to use the Marks for the purposes of the Franchised Restaurant. You may not use any of the Marks as part of your corporate or other entity name. You must also follow the instructions we provide for identifying yourself and for filing and maintaining the requisite trade name of fictitious name registrations.

The Marks are licensed to us pursuant to a License Agreement with THC (the "**License Agreement**"). THC owns and has filed all required affidavits for the following Marks that have been registered on the Principal Register of the United States Patent and Trademark Office (the "**USPTO**"):

Marks	Registration Number	Registration Date
MATCHBOX	5090462	November 29, 2016
	5284678	September 12, 2017

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation involving the Marks. There are no agreements currently in effect which significantly limit our right to use or license the use of the Marks in any manner material to you.

In the License Agreement, THC authorized us to use the Marks in connection with the offer, sale, and support of franchised Matchbox restaurants. The License Agreement does not contain any significant limitations on our right to use or license the Marks to you and is perpetual in duration and may be terminated unilaterally by either party only upon a material breach of the License Agreement. Upon termination of the

License Agreement, we must immediately discontinue the use of the Marks and assign to THC all of our franchise agreements licensing the use of the Marks, and THC has agreed to assume all obligations under such agreements arising from and after their assignment.

Your right to use the Marks is derived solely from the Franchise Agreement and is limited to your development and/or operation of the Franchised Restaurant in compliance with the Franchise Agreement and all applicable standards, specifications and operating procedures we prescribe during the term of the Franchise Agreement. Any unauthorized use of the Marks by you constitutes a breach of the Franchise Agreement and an infringement of our rights in and to the Marks. Your use of the Marks and any goodwill established by this use will inure to our exclusive benefit. The Franchise Agreement confers no goodwill or other interests in the Marks on you. All provisions of the Franchise Agreement applicable to the Marks will apply to any other trademarks, service marks, commercial symbols and trade dress we authorize in writing for use by and licensed to you after you sign the Franchise Agreement.

You must use the Marks as the sole trade identification of the Franchised Restaurant and must identify yourself in the form we prescribe as the independent owner of the Franchised Restaurant. You may not use any Mark or variation thereof as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form. You may not use any Mark in any manner we have not expressly authorized in writing. You must display the Marks prominently in the manner we prescribe. You must give notices of trademark and service mark registrations that we specify and obtain business name registrations as required under applicable law.

You must immediately notify us of any apparent infringement of or challenge to your use of any Mark or claim by any person of any rights in any Mark. You must sign any and all instruments and documents, give assistance, and do any acts and things as may in the opinion of our counsel be necessary or advisable in order to protect and maintain our interests in any litigation or proceeding or otherwise to protect and maintain our interests in the Marks. The Franchise Agreement does not require us to take affirmative action when notified of any infringements of or challenges to the Marks. We have the right to control any litigation or administrative proceedings involving the Marks. We will indemnify you against and reimburse you for all damages for which you are held liable in any proceeding arising out of your use of any Mark according to and in compliance with the applicable agreement, and for all costs you reasonably incur in the defense of any claim in which you are named as a party, if you have timely notified us of the claim, have given us sole control of the defense and settlement of any claim and have otherwise complied with the applicable agreement.

If it becomes advisable at any time in our sole judgment for you to modify or discontinue the use of any Mark and/or for the Franchised Restaurant to use one or more additional or substitute trade or service marks, you must immediately comply with our directions to modify or otherwise discontinue the use of the Marks and/or to use one or more additional or substitute trademarks, service marks, logos or commercial symbols or substitute trade dress after our notice to you. Neither we nor our affiliates have any obligation to reimburse you for any expenditure you make in connection with any discontinuance or modification.

As of the date of this disclosure document, we are not aware of either superior prior rights or infringing uses that could materially affect your use of the principal trademarks in any state. All registrations are currently active, and we shall renew all registrations as required.

ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents and Copyrights

We do not claim rights in any patents or pending patent applications that are material to our business.

We and our affiliates claim copyright protection for certain proprietary materials, which include, but are not limited to, the Manuals, training materials, advertisements, promotional materials, labels, menus, posters, coupons, gift certificates, signs, websites, store designs, and prototype plans and specifications. Neither we nor our affiliates have registered the copyrights in any of the proprietary materials but we are not required to do so. You can use the proprietary materials only for the purpose of developing and operating your Franchised Restaurant. You must notify us of any unauthorized use of the proprietary materials. You must also notify us of any challenge to the validity of, or the right to use, any of the proprietary materials. We have the right to control any administrative proceeding or litigation that involves the proprietary materials. This right includes the right to settle any of those disputes. We may, but are not required to, try to stop other people from using the proprietary materials.

There currently are no effective determinations of the USPTO, United States Copyright Office or any court regarding any of the proprietary materials. No agreement limits our right to use or license the proprietary materials except to the extent they include trademarks licensed to us by THC. We do not know of any infringing uses which could materially affect your use of the proprietary materials in any state. No agreement requires us to protect or defend the proprietary materials or Confidential Information (defined below), although we intend to do so when the action is in the best interests of our System. No agreement requires us to indemnify you for your expenses or damages if you are a party to an administrative or judicial proceeding involving the proprietary materials.

Your right to use the proprietary materials is derived solely from the Franchise Agreement and is limited to the use of the proprietary materials according to and in compliance with the agreement and all applicable standards, specifications, and operating procedures we prescribe. You must ensure that all proprietary materials used bear an appropriate copyright notice under applicable copyright laws as we may prescribe in the Manuals specifying that we are the owner of the copyright. The Franchise Agreement confers no interest in the proprietary materials upon you, other than the right to operate the Franchised Restaurant in compliance with the agreement.

You must immediately notify us of any actual or apparent infringement of or challenge to any of the proprietary materials or claim by any person of any rights in the proprietary materials. We shall have the sole discretion to take any action as we deem appropriate and the right to control exclusively any settlement, litigation, arbitration or administrative proceeding arising out of any alleged infringement, challenge or claim or otherwise relating to the proprietary materials.

If it becomes advisable at any time in our sole judgment for you to modify or discontinue use of any of the proprietary materials and/or for you to use one or more additional or substitute copyrighted or copyrightable items, you agree to immediately comply with our directions to modify or otherwise discontinue the use of the proprietary materials and/or to use one or more substitute materials.

All ideas, concepts, techniques, or materials relating to a Matchbox restaurant, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, under the Franchise Agreement, you will assign ownership of that item, and all related rights to that item, to us

and must sign, and cause your employees and other agents to sign, whatever assignment or other documents we request to evidence our ownership or to help us obtain intellectual property rights in the item.

Confidential Information

We will loan the Manuals to you, which include, in part, the business procedures, technical advice and rules and regulations for operating the Franchised Restaurant, and which incorporate by reference the training materials which we shall lend to you at our the initial training program. The Manuals are contain Confidential Information, which you must will protect as a trade secret. You may not reprint or reproduce any portion of the Manuals for any reason whatsoever. We may reasonably add to or otherwise modify the Manuals, from time to time, whenever we consider such additions or modifications desirable to improve or maintain the standards of the System and the efficient operation thereof, or to protect or maintain the goodwill associated with the Marks or to meet competition.

We possess and will further develop and acquire certain confidential and proprietary information and trade secrets including, but not limited to, the following categories of information, methods, techniques, procedure, technologies, and knowledge that we, our affiliates, or our franchisees have developed or will develop (the "**Confidential Information**") including: (1) site selection criteria and methodologies; (2) methods, formats, systems, recipes, System standards, sales and marketing techniques, knowledge and experience used in developing and operating Matchbox restaurants, including information in the Manuals; (3) marketing research and promotional, marketing, advertising, public relations, customer relationship management and other brand related materials and programs for Matchbox restaurants; (4) knowledge of specifications for and suppliers of, and methods of ordering, certain items that Matchbox restaurants use and/or sell; (5) knowledge of the operating results and financial performance of other Matchbox restaurants; (6) customer information, customer communication and customer retention programs, along with data used or generated in connection with those programs; and (7) any other information we reasonably designate from time to time as confidential or proprietary.

Under the Franchise Agreement, we will disclose to you parts of the Confidential Information as are required for the development and operation of the Franchised Restaurant during training and in the course of any guidance or assistance furnished to you. You may learn or otherwise obtain from us additional Confidential Information during the term of the Franchise Agreement. You may disclose the Confidential Information to your owners and employees only to the extent permitted by the Franchise Agreement. You must maintain the confidentiality of the Confidential Information and require anyone who may have access to the Confidential Information to execute non-disclosure agreements in a form satisfactory to us that identifies us as a third-party beneficiary of such covenants with the independent right to enforce the agreement.

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

You must designate an owner of a legal or beneficial interest of 10% or more in your company as your Operating Principal who will be the person with whom we communicate and whom will have the authority to bind you with respect to all financial, operational and legal matters related to your Franchised Restaurant and the Franchise Agreement. Your Operating Principal may also serve as the general manager of the Franchised Restaurant. Your Operating Principal must successfully complete the initial training program and any additional training that we require. We have the right to approve the Operating Principal. Your Operating Principal must devote full time and best efforts to supervising the operation of the Franchised Restaurant and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitments or otherwise may conflict with your

obligations under the Franchise Agreement. You must designate a replacement approved by us within 30 days after the Operating Principal ceases to serve in that capacity.

Your Operating Principal may serve as the general manager of your Franchised Restaurant. If the Operating Principal is not available to manage your Franchised Restaurant operations on a full time basis, you must hire a general manager who possesses acceptable experience consistent with industry standards. Your general manager must complete our required training programs.

If you and your affiliates operate more than one Matchbox restaurant, you must designate an individual as your Multi-Unit Operator. Your Operating Principal may serve as your Multi-Unit Operator. The Multi-Unit Operator must have at least five years of multi-unit restaurant management experience including profit and loss responsibility, and must be experienced in all aspects of restaurant operations including hiring, scheduling, purchasing, training, employee productivity and supervision, guest relations, compliance with federal, state and local laws, financial accounting, cost controls, operational criteria described in the Manuals. The Multi-Unit Operator must successfully complete our initial training program and any additional training that we require. We have the right to approve the Multi-Unit Operator. The Multi-Unit Operator must devote his or her full time and best efforts to the development, supervision, conduct and operations of your Matchbox restaurants. You must designate a replacement approved by us within 30 days after the Multi-Unit Operator ceases to serve in that capacity.

We do not require your Multi-Unit Manager or Franchised Restaurant general manager to have an equity ownership interest in your company.

You must hire and maintain an adequate number and level of management and other personnel required for the conduct of the Franchised Restaurant. You are responsible for ensuring that your trainers, coaches, and other personnel are properly trained to perform their duties. As described in Item 14, we may require you to obtain confidentiality and non-competition agreements from your general manager and Multi-Unit Operator and certain of your employees.

Each of your owners, including the Operating Principal, must personally guarantee your obligations under the Franchise Agreement and also agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement according to the Guarantee, Indemnification and Acknowledgement attached to the Franchise Agreement.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only sell the food, beverages and products in your Franchised Restaurants that we have specified or approved in writing. We may modify these items at any time without limitation. You are not limited to the customers to whom you may sell these items; however, you may not sell any of these items on a wholesale basis, at any location other than your Franchised Restaurant, including through the Internet, catalogue, mail order, telemarketing, or any other method of sales or distribution. You must offer and sell any new products that we introduce from time to time. We do not impose any restrictions or conditions that limit your access to customers, except that you may offer catering and delivery services only with our prior written approval and according to our standards and specifications.

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 the Franchise Agreement (FA) and Development Agreement (DA)	Summary
a. Length of the franchise term	FA: 4.1 DA: 4.1	FA: 10 years following the effective date of the Franchise Agreement. DA: The term expires on the earlier of the opening date or the opening deadline for the last Franchised Restaurant you commit to develop in the Development Schedule.
b. Renewal or extension	FA: 4.2 DA: Not applicable	FA: You have the option to renew the Franchise Agreement for one additional 10-year term.
c. Requirement for you to renew or extend	FA: 4.3 DA: Not applicable	FA: You must be in good standing, provide notice of intent to renew, remodel the Franchised Restaurant, sign our then-current form of Franchise Agreement, sign a general release (subject to state law), comply with our then-current training and qualification requirements; and pay a transfer fee. The renewal franchise agreement may contain terms that are materially different from your expiring Franchise Agreement, such as different fee requirements, but will not include an initial franchise fee.
d. Termination by franchisee	FA: Not applicable DA: Not applicable	Subject to state law, you may not terminate either the Franchise Agreement or Development Agreement.
e. Termination by franchisor without cause	FA: Not applicable DA: Not applicable	We may not terminate either the Franchise Agreement or the Development Agreement without cause.
f. Termination by franchisor with cause	FA: 17 DA: 8.3	We may terminate the Franchise Agreement and the Development Agreement only if you or your owners commit any one of several violations.
g. "Cause" defined - defaults which can be cured	FA: 17.3 DA: 8.3	You have five days to cure non-payment of fees or non-submission of reports and 30 days to cure other defaults of the Franchise Agreement and Development Agreement, except for those described in h. below.
h. "Cause" defined - non-curable defaults	FA: 17.2 DA: 8.2	FA: Abandonment, felony conviction, bankruptcy, assignment for benefit of creditors, breach of covenants against competition, repeated violations; termination for cause of another contract between us and you.

Provision	Section in the Franchise Agreement (FA) and Development Agreement (DA)	Summary
		DA: Failure to comply with Development Schedule; abandonment of any Franchised Restaurant developed under the Development Agreement; felony conviction, bankruptcy, assignment for benefit of creditors, breach of covenants against competition, repeated violations; termination of any Franchise Agreement between you or your affiliates and us or our affiliates, and other agreement terminations with us or our affiliates.
i. Franchisee's obligations on termination/non-renewal	FA: 18 DA: 9	FA: Pay outstanding amounts, de-identification, return of confidential information and telephone numbers; pay liquidated damages. DA: No further right to develop Franchised Restaurants; pay liquidated damages.
j. Assignment of contract by franchisor	FA: 19 DA: 6	There are no restrictions on our right to assign.
k. "Transfer" by franchisee—defined	FA: 20.1 DA: 7.1	Includes transfer of contract, of assets or any ownership change.
l. Franchisor approval of transfer by franchisee	FA: 20.1 DA: 7.1	We have the right to approval all transfers.
m. Conditions for franchisor approval of transfer	FA: 20.4 DA: 7.4	Transferee qualifies, all amounts due are paid in full, you sign a general release in our favor, transferee completes training, transfer fee paid, then-current contract signed.
n. Franchisor's right of first refusal to acquire franchisee's business	FA: 20.3 DA: 7.3	We can match any offer.
o. Franchisor's option to purchase franchisee's business	FA: 18.2 DA: Not applicable	FA: Upon expiration or termination of the Franchise Agreement, we can take assignment of your lease and purchase the Restaurant assets.
p. Death or disability of franchisee	FA: 21 DA: 7.7	Franchise must be assigned to approved buyer within 12 months or transferred to an heir or representative.
q. Non-competition covenants during the term of the franchise	FA: 14.2.1 DA: 12.2.1	Subject to state law, no diverting customers to a Competitive Business and no involvement in a "**Competitive Business**" defined as a full service restaurant business: (a) offering American bistro fare; or (b) whose method of operation or trade dress is similar to that employed in the System.

Provision	Section in the Franchise Agreement (FA) and Development Agreement (DA)	Summary
r. Non-competition covenants after the franchise is terminated or expires	FA: 14.2.1 DA: 12.2.1	Subject to state law: FA: No involvement with any Competitive Business for two years within ten miles of the Approved Location or within ten miles of any other Matchbox restaurant. DA: No involvement with any Competitive Business for two years within the Development Area, within ten miles of the border of the Development Area, or within ten miles of any other Matchbox restaurant.
s. Modification of agreement	FA: 26 DA: 16	No modification generally without signed agreement, but we may modify the System and the Manual.
t. Integration/merger clause	FA: 26 DA: 16	Only the terms of the Franchise Agreement and Development Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document, Franchise Agreement and Development Agreement may not be enforceable. Nothing in the agreements or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	FA: Not applicable DA: Not applicable	
v. Choice of forum	FA: 25.2 DA: 15.2	Subject to state law, all claims brought by you must be filed in the jurisdiction where we have our principal place of business, which is currently Fairfax County, Virginia. We may file suit in the federal or state court located in the jurisdiction where our principal offices are located at the time of suit, in the jurisdiction where you reside or do business, where the Franchised Restaurant is or was located, or where the claim arose.
w. Choice of law	FA: 25.1 DA: 15.1	Subject to state law, the laws of Virginia apply.

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 restaurants. 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 our Chief Operating Officer, Alex Berentzen, at 703-757-5500, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
Systemwide Outlet Summary
For Fiscal Years 2020 to 2022*

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	1	1	0
	2021	1	1	0
	2022	1	1	0
Company-Owned	2020	12	9	-3
	2021	9	11	+2
	2022	11	13	+2
Total	2020	13	10	-3
	2021	10	12	+2
	2022	12	14	+2

* As of our fiscal year end.

TABLE NO. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Fiscal Years 2020 to 2022*

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

* As of our fiscal year end.

TABLE NO. 3
Status of Franchised Outlets
For Fiscal Years 2020 to 2022*

State	Year	Outlets at Start of Year	Outlets Opened	Termi-nations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Virginia	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Totals	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1

* As of our fiscal year end.

TABLE NO. 4
Status of Company-Owned Outlets
For Fiscal Years 2020 to 2022*

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
District of Columbia	2020	3	0	0	1	0	2
	2021	2	1	0	0	0	3
	2022	3	0	0	0	0	3
Florida	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	1	0	0	0	2
Maryland	2020	3	0	0	0	0	3
	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3
Texas	2020	1	0	0	1	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Virginia	2020	4	0	0	1	0	3
	2021	3	1	0	0	0	4
	2022	4	1	0	0	0	5
Totals	2020	12	0	0	3	0	9
	2021	9	2	0	0	0	11
	2022	11	2	0	0	0	13

* As of our fiscal year end.

TABLE NO. 5
Projected Openings
as of December 25, 2022

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in Next Fiscal Year	Projected New Company-Owned Outlets in Next Fiscal Year
District of Columbia	0	0	0
Virginia	0	0	1
Totals	0	0	1

Exhibit E lists our current franchisees and franchisees who had an outlet terminated, transferred cancelled, not renewed, cease to operate or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who have not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

We do not have any franchisees during the last three fiscal years who have signed confidentiality clauses restricting their ability to talk about their experience with the System.

There are no trademark-specific franchisee organization associated with the franchise system offered in this Franchise Disclosure Document and no independent franchisee organization has asked to be included in this Franchise Disclosure Document.

ITEM 21: FINANCIAL STATEMENTS

Exhibit F contains our audited financial statements for the year ended December 25, 2022, December 26, 2021, and December 27, 2020. Our fiscal year end is the 52 or 53 week period ending on the last Sunday of December.

ITEM 22: CONTRACTS

Attached as Exhibits to this disclosure document are the following contracts:

A Franchise Agreement
Guarantee, Indemnification and Acknowledgement
Form of Lease Addendum
Form of Non-Disclosure and Non-Competition Agreement
Telephone Number Assignment and Power of Attorney
Disclosure Verification Form

B Development Agreement
Guarantee, Indemnification and Acknowledgement
Form of Non-Disclosure and Non-Competition Agreement
Disclosure Verification Form

C Training Participation Agreement

ITEM 23: RECEIPTS

Two copies of a receipt form appear at the end of this disclosure document. Please fill out and sign both receipts, return one copy to us and keep the other for your records

ADDITIONAL STATE REQUIRED DISCLOSURES

VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the "Summary" section of Item 17(h), entitled "Cause" defined – non-curable defaults, is amended by adding the following:

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

EXHIBIT A

FRANCHISE AGREEMENT

MATCHBOX RESTAURANT FRANCHISE AGREEMENT

FRANCHISEE:

_____

EFFECTIVE DATE OF AGREEMENT:

_____

MATCHBOX RESTAURANT FRANCHISE AGREEMENT
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EXHIBITS:

A – Franchise Information
B – Guarantee, Indemnification and Acknowledgment
C – Form of Lease Addendum
D – Form of Non-Disclosure and Non-Competition Agreement
E – Telephone Number Assignment and Power of Attorney
F – Disclosure Verification Form

MATCHBOX RESTAURANT FRANCHISE AGREEMENT

THIS MATCHBOX FRANCHISE AGREEMENT (this "**Agreement**") is made and entered into as of the date set forth on the signature page of this Agreement (the "**Effective Date**"), by and between **TH MATCHBOX FRANCHISING LLC**, a Delaware limited liability company with a principal business address of 1741 Business Center Drive, Suite 200, Reston, Virginia 20190 ("**Franchisor**") and the person(s) or entity identified on the signature page of this Agreement ("**Franchisee**").

RECITALS

Franchisor and its affiliates have developed a system related to the establishment and operation of American bistro style full service restaurants (each a "**Matchbox restaurant**") featuring wood-fired pizzas, mini burgers, fresh salads, chef-inspired entrées and other menu items.

Matchbox restaurants operate under certain trademarks, service marks, logos and other commercial symbols, including the name and mark "MATCHBOX®" (the "**Marks**") which are owned by an affiliate of Franchisor, and licensed to Franchisor for sub-license to its franchisees, and pursuant to certain confidential information and trade secrets.

Matchbox restaurants are operated with uniform formats, designs, systems, methods, specifications, standards and procedures, all of which may be improved, further developed or otherwise modified from time to time by Franchisor and its affiliates (the "**System**").

Franchisor grants to persons who meet Franchisor's qualifications and who are willing to undertake the investment and effort to establish and develop a Matchbox restaurant, a franchise to own and operate such restaurant, offering the menu items, products and services approved by Franchisor and utilizing the System and the Marks.

Franchisee has applied for a franchise to develop and operate a Matchbox restaurant at a location to be approved by Franchisor. Franchisor has approved Franchisee's application in reliance upon all of the representations made by Franchisee in its application.

NOW, THEREFORE, for and in consideration of the premises and the mutual promises and covenants hereinafter made, Franchisor and Franchisee do hereby agree as follows:

1. GRANT OF FRANCHISE

1.1 Grant. Subject to the terms and conditions contained in this Agreement, Franchisor hereby grants to Franchisee the right to develop and operate a franchised Matchbox restaurant (the "**Franchised Restaurant**") at a location to be approved by Franchisor ("**Approved Location**") in accordance with the provisions of this Agreement and a license to use the Marks and the System solely in connection with the operation of the Franchised Restaurant.

1.2 Protected Territory. During the term of this Agreement, Franchisor and its affiliates will not operate, or grant the right to any other party to operate, a Matchbox restaurant in the area designated in Exhibit A as Franchisee's "**Protected Territory**," except as otherwise provided in Sections 1.2.1 through 1.2.7. Franchisee's Protected Territory may overlap with the Protected Territory(ies) assigned to other Matchbox restaurants. Franchisor and its affiliates reserve all rights that are not expressly granted to Franchisee under this Agreement. Therefore, among other things, Franchisor and its affiliates have the sole right to do any or all of the following (notwithstanding the proximity to the Protected Territory or the Approved Location or their actual or threatened impact on sales at the Franchised Restaurant):

1.2.1 Operate or license others to operate at any location, during or after the term of this Agreement, any type of restaurant other than Matchbox restaurants;

1.2.2 Operate or license others to operate, during the term of this Agreement, Matchbox restaurants at any location other than in the Protected Territory;

1.2.3 Operate or license others to operate, after this Agreement terminates or expires, Matchbox restaurants at any location, including within the Protected Territory or at the Approved Location;

1.2.4 Merchandise and distribute goods and services identified by the Marks at any location through any other method or channel of distribution, including through e-commerce, and grocery stores, supermarkets, club stores, and similar retail outlets;

1.2.5 Operate and to grant others the right to operate Matchbox restaurants at Non-Traditional Sites within and outside the Protected Territory under any terms and conditions Franchisor deems appropriate, regardless of proximity to the Franchised Restaurant. As used in this Agreement, "**Non-Traditional Sites**" shall include military facilities, government facilities, schools, colleges, universities, airports, train stations, bus stations, travel plazas, stadiums, arenas, convention centers, convenience stores, ghost and virtual kitchens, hospitals, theme parks, food courts, food trucks, venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider, Indian reservations, casinos or any similar captive market location not reasonably available to Franchisee, whether currently existing or constructed or established subsequent to the Effective Date;

1.2.6 Develop and own other franchise systems for the same or similar products and services using trade names and trademarks other than the Marks; and

1.2.7 Acquire, be acquired by, merge or combine with, a business operating one or more food service businesses located or operating anywhere.

1.3 Forms of Agreement. Franchisee acknowledges that, over time, Franchisor has entered, and will continue to enter, into agreements with other franchisees that may contain provisions, conditions and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that Franchisor and its affiliates and other franchisees may have different rights and obligations does not affect the duties of the parties to this Agreement to comply with the terms of this Agreement.

2. DEVELOPMENT AND OPENING OF THE FRANCHISED RESTAURANT

2.1 Site Selection. Franchisee shall acquire, by lease or purchase, at Franchisee's expense and subject to Franchisor's approval as hereinafter provided, a site for the Franchised Restaurant. Such site shall be within the site selection area identified on Exhibit A, which is described solely for the purpose of selecting a site for the Franchised Restaurant. Unless the site has been selected by Franchisee and approved by Franchisor as of the Effective Date, Franchisee shall select and obtain Franchisor's approval of the site of the Franchised Restaurant within ninety (90) days after the Effective Date.

2.2 Site Guidelines and Evaluation. In connection with Franchisee's selection of a site for the Franchised Restaurant, Franchisor shall furnish to Franchisee the following: (1) site selection counseling and assistance as Franchisor may deem advisable for a site; and (2) such on-site evaluation as Franchisor may deem advisable in response to Franchisee's request for site approval; provided, however, that Franchisor shall not provide on-site evaluation for any proposed site prior to the receipt of a market feasibility study for such site prepared by Franchisee pursuant to Section 2.3 below. If on-site evaluation is

deemed necessary and appropriate by Franchisor (on its own initiative or at Franchisee's request), Franchisee shall reimburse Franchisor for all reasonable expenses incurred by Franchisor in connection with such on-site evaluation, including the cost of travel, lodging and meals.

2.3 Site Approval. Prior to the acquisition by lease or purchase of any proposed site for the Franchised Restaurant, Franchisee shall submit to Franchisor, in the form specified by Franchisor, a description of the proposed site, a market feasibility study for the proposed site, and such other information or materials as Franchisor may reasonably require, together with a letter of intent or other evidence satisfactory to Franchisor which confirms Franchisee's favorable prospects for obtaining the proposed location. Recognizing that time is of the essence, Franchisee agrees that it must submit such information and material for the proposed site to Franchisor for its approval no later than ninety (90) days after the Effective Date. Franchisor shall have thirty (30) days after receipt of such information and materials from Franchisee to approve or disapprove, at its sole discretion, the proposed site as the site for the Franchised Restaurant. The proposed site shall not be deemed approved unless written notice of approval is given to Franchisee by Franchisor. Once Franchisor has approved the site, it shall be the Approved Location for the Franchised Restaurant.

2.4 Lease or Acquisition of Franchised Restaurant Premises. Within ninety (90) days from the date that Franchisor approves the site for the Franchised Restaurant (or if the Approved Location has been approved by Franchisor prior to the Effective Date, then within ninety (90) days after the Effective Date), Franchisee shall acquire or lease the premises for the Franchised Restaurant.

2.5 Approval of Lease Terms. Franchisor has right to review the terms of the lease for the Approved Location before Franchisee signs a lease. The lease must: (1) in form and substance, be satisfactory to Franchisor; (2) include all of the provisions set forth in the form of Addendum to Lease attached to this Agreement as Exhibit C; (3) be for an aggregate term of (at least) ten (10) years in a combination of initial and renewal terms; (4) contain terms and conditions and payments that are commercially reasonable in Franchisor's opinion; and (5) include any other provisions as Franchisor may require from time to time. The lease shall not contain any covenants or other obligations that would prevent Franchisee from performing its obligations under this Agreement. In the event Franchisor cures any default by Franchisee under such lease, the total amount of all costs and payments incurred by Franchisor in effecting such cure shall be immediately due and owing by Franchisee to Franchisor, including, but not limited to, any attorney's fees. Franchisee acknowledges that Franchisor's review of the lease is not a guarantee or warranty, express or implied, of the success or profitability of a Matchbox restaurant operated at the Approved Location, or Franchisee's ability to obtain the necessary licenses and permits to offer and sell alcoholic beverages at the Approved Location. Franchisor's review will indicate only whether Franchisor believes that the terms of the lease meet its then-acceptable criteria.

2.6 Execution of Lease and Acceptance by Franchisee. Franchisee's execution of a lease for the location for the Franchised Restaurant shall constitute acceptance by Franchisee of such location and site and the terms of such lease and shall constitute a waiver of any claim or rights against Franchisor relating to Franchisee's choice of such site and location and of the terms of such lease.

2.7 Prototype Plans and Specifications. Once the Approved Location is selected, Franchisee shall provide to Franchisor a set of current as-built drawings for the location. Once received, Franchisor shall have a set of prototype or protostyle plans and specifications prepared within a reasonable amount of time after receipt. Franchisor will provide Franchisee these prototype or protostyle plans and specifications for Franchisee's Franchised Restaurant reflecting Franchisor's requirements for dimensions, exterior design, interior design and layout, image, building materials, fixtures, equipment, furniture, signs and decor. Franchisee shall then have a set of build-out plans developed and provide these plans to Franchisor for final approval. Franchisor's approval of the build-out plans shall not act as a warranty or guarantee that they are

structurally sufficient or that they meet any laws or regulations, rather such approval is only that the plans meet Franchisor's requirements for a Matchbox restaurant.

2.8 Development of Franchised Restaurant. Within nine (9) months after obtaining possession of the premises of the Franchised Restaurant and having been furnished with the above-described plans and specifications, Franchisee will do or cause to be done the following:

2.8.1 Secure all financing required to fully develop the Franchised Restaurant;

2.8.2 Prepare, at Franchisee's expense, and submit to Franchisor for approval (which approval may be granted or withheld at Franchisor's sole discretion) any proposed modifications to Franchisor's prototype or protostyle plans and specifications, which may be modified only to the extent necessary to comply with applicable ordinances, building codes, permit requirements and lease or deed requirements and restrictions, all such modifications being subject to prior notification to, and approval by, Franchisor;

2.8.3 Obtain all required construction, building, utility, sign, health, sanitation and business permits and licenses, and any other required permits and licenses including a liquor license;

2.8.4 purchase or lease and install all fixtures, furnishings, equipment, signs and the opening food and beverage inventory and operating supplies and required branded merchandising materials and other materials in accordance with Franchisor's specifications.

2.8.5 Construct all required improvements to the premises, purchase and install all required furnishings, fixtures, signs, and equipment and decorate the premises with required branded décor in compliance with plans and specifications approved by Franchisor; and

2.8.6 Purchase, in accordance with Franchisor's specifications and requirements, an opening inventory of proprietary food items, ingredients and other products and supplies required for the opening of the Franchised Restaurant.

2.9 Fixtures, Equipment, Furniture and Signs. Franchisee agrees to use in the construction and operation of the Franchised Restaurant only those brands, types or models of construction and decorating materials, fixtures, equipment, furniture and signs that Franchisor has approved for the Franchised Restaurant as meeting its specifications and standards for quality, design, appearance, function and performance. Franchisee further agrees to place or display at the premises of the Franchised Restaurant only such signs, emblems, lettering, logos and display materials that are from time to time approved in writing by Franchisor. Franchisee may purchase approved types or models of construction and decorating materials, fixtures, equipment, furniture and signs from any supplier approved or designated by Franchisor (which may include Franchisor and/or its affiliates). If Franchisee proposes to purchase any type or model of construction or decorating material, fixture, equipment, furniture or sign not then approved by Franchisor, and/or any such item from any supplier which is not then approved by Franchisor, Franchisee shall first notify Franchisor in writing and shall submit to Franchisor sufficient specifications, photographs, drawings and/or other information or samples for a determination by Franchisor of whether such brand or type of construction or decorating material, fixture, equipment, furniture or sign complies with its specifications and standards. Franchisor may, in its sole discretion, refuse to approve any such item(s) and/or supplier(s) that does not meet Franchisor's standards or specifications.

2.10 Franchised Restaurant Opening. Franchisee agrees not to open the Franchised Restaurant until:

2.10.1 Franchisor determines that the Franchised Restaurant has been constructed and equipped in accordance with approved plans and specifications;

2.10.2 Training of Franchisee's Operating Principal (as defined in Section 16.5) and its manager(s) has been completed to Franchisor's reasonable satisfaction;

2.10.3 The Initial Franchise Fee (as defined in Section 5.1) and all other amounts due to Franchisor under this Agreement and any other related agreements to which Franchisee is a party have been paid;

2.10.4 Franchisor has been furnished with copies of all insurance policies required by Section 12 of this Agreement, or such other evidence of insurance coverage as Franchisor requests; and

2.10.5 Franchisor's personnel are available to assist and be present at the opening of the Franchised Restaurant if Franchisor, in its sole discretion, deems it necessary.

2.10.6 Franchisee agrees to have the Franchised Restaurant ready to open for business within one (1) year after the Effective Date. Final approval by Franchisor of the opening of the Franchised Restaurant shall be given in writing and shall be in Franchisor's sole discretion. Franchisee agrees to open the Franchised Restaurant for business within ten (10) days after receipt of such written notice from Franchisor.

2.11 Relocation of Franchised Restaurant.

2.11.1 Franchisee may not relocate the Franchised Restaurant without Franchisor's prior written approval, which must be requested in writing. In order to change location, Franchisee must be current in all obligations to Franchisor, whether under this Agreement or any other agreement with Franchisor or its affiliates, and must not be in default under this Agreement or any other agreement with Franchisor or its affiliates. In the event that Franchisee's request to change location is approved, Franchisee will be required to sign Franchisor's then-current form of Franchise Agreement for a term equal to the remaining term of this Agreement. Unless Franchisor grants Franchisee a term that is longer than the remaining term under this Agreement, Franchisee will not be required to pay an Initial Franchise Fee for the relocated Franchised Restaurant. However, Franchisee must pay a Relocation Fee to Franchisor in the amount of Fifteen Thousand Dollars ($15,000) upon execution of the new Franchise Agreement.

2.11.2 Franchisee agrees that in the event of a relocation of the Franchised Restaurant, Franchisee shall promptly remove from the first Franchised Restaurant premises, and discontinue using for any purposes, any and all signs, fixtures, furniture, posters, furnishings, equipment, menus, advertising materials, stationery supplies, forms and other articles which display any of the Marks or any distinctive features or designs associated with Matchbox restaurants. Furthermore, Franchisee shall, at its expense, immediately make such modifications or alterations as may be necessary to distinguish the first Franchised Restaurant so clearly from its former appearance and from other Matchbox restaurants and to prevent any possibility of confusion therewith by the public (including removal of all distinctive physical and structural features identifying Matchbox restaurants and removal of all distinctive signs and emblems). Franchisee shall, at its expense, make such specific additional changes as Franchisor may reasonably request for this purpose.

2.11.3 If Franchisee fails to initiate immediately or complete such alterations within such period of time as Franchisor deems appropriate, Franchisee agrees that Franchisor or its designated agents may enter the premises of the first Franchised Restaurant and adjacent areas at any time to make such alterations, at Franchisee's sole risk and expense, without responsibility for any actual or consequential

damages to the property of Franchisee or others, and without liability for trespass or other tort or criminal act. Franchisee expressly acknowledges that its failure to make such alterations will cause irreparable injury to Franchisor and consents to entry, at Franchisee's expense, of an ex-parte order by a court of competent jurisdiction authorizing Franchisor or its agents to take such action, if Franchisor seeks such an order. Compliance with the foregoing shall be a condition subsequent to Franchisor's approval of any relocation request by Franchisee, and in the event complete de-identification of the first Franchised Restaurant premises is not promptly and completely undertaken, Franchisor may then revoke its permission for relocation and declare a default under this Agreement pursuant to Section 17 hereof.

3. USE OF THE MARKS AND PROPRIETARY MATERIALS

3.1 Authorized Use of Marks, Trade Secrets and the System.

3.1.1 Franchisee is authorized to use the Marks, Franchisor's trade secrets, copyrighted materials, and the System in the operation of the Franchised Restaurant only at the Approved Location. Nothing in this Agreement shall be construed as authorizing or permitting their use at any other location or for any other purpose except as may be authorized in writing by Franchisor. Franchisee understands and agrees that the limited license to use the Marks, trade secrets, copyrighted materials, and the System granted hereby applies only to such items as are designated by Franchisor, and which are not subsequently designated by Franchisor as being withdrawn from use, together with those which may hereafter be designated by Franchisor in writing. Franchisee expressly understands and agrees that Franchisee is bound not to represent in any manner that Franchisee has acquired any ownership or equitable rights in any of the Marks, trade secrets, copyrighted materials, and the System by virtue of the limited license granted hereunder, or by virtue of Franchisee's use of any of the Marks, trade secrets, copyrighted materials, and the System.

3.1.2 Franchisee acknowledges and agrees that Franchisor and/or its affiliates are the owners of the certain proprietary materials and that the copyrights in these materials are valuable property. Franchisor authorizes Franchisee to use these materials on the condition that Franchisee complies with all of the terms and conditions of this Agreement. Franchisee acknowledges and agrees that Franchisor may create, acquire or obtain licenses for certain additional copyrights in various works of authorship used in connection with the operation of a Matchbox restaurant, including all categories of works eligible for protection under the United States copyright law, all of which will be deemed to be part of the proprietary materials. The proprietary materials include the Manuals (as defined in Section 3.3), advertisements, promotional materials, labels, menus, posters, coupons, gift certificates, signs, World Wide Web and other Internet sites, and store designs, plans and specifications. The proprietary materials may incorporate all or part of the Marks or other trade dress used as part of the System. Franchisee acknowledges that this Agreement does not confer any interest in the proprietary materials on Franchisee, other than the right to use the proprietary materials in the operation of the Franchised Restaurant in compliance with the terms of this Agreement. If Franchisee prepares any adaptation, translation or work derived from the proprietary materials, including advertisements, promotional materials, labels, menus, posters, or websites, whether or not such adaptation was authorized by Franchisor, Franchisee agrees that such material will be Franchisor's property and Franchisee hereby assigns all of its right, title and interest therein to Franchisor (or to a third party designated by Franchisor). Franchisee agrees to execute any documents, in recordable form, which Franchisor deem necessary to reflect or perfect such ownership. Franchisee must submit all such adaptation, translation or derivative works to Franchisor for approval prior to use.

3.2 Ownership of Marks. Franchisee acknowledges that the ownership of all of the Marks, goodwill and trade secrets remains solely with the licensor of Franchisor and that Franchisee shall not register or attempt to register the Marks or to assert any rights in them other than as specifically granted in

this Agreement. At Franchisor's request, Franchisee shall assign, transfer or convey to Franchisor, in writing, all additional rights, if any, that may be acquired by Franchisee as a result of its use of Marks.

3.3 Rights to Use Marks. Franchisee shall only use the Marks, logos, trade styles, color combinations, designs, signs, symbols and slogans of Franchisor, and only in the manner and to the extent specifically permitted by this Agreement or in any manuals, directives or memos (hereinafter collectively referred to as "**Manuals**") prepared by Franchisor. Franchisee shall not use any confusingly similar Marks in connection with the Franchised Restaurant or any other business in which it has an interest. Franchisee shall be required to affix the SM, ™ or ® symbol (as applicable) upon all advertising, publicity, signs, decorations, furnishings, equipment or other printed or graphic material employing the words "Matchbox" or any other of the Marks, whether presently existing or developed in the future.

3.4 Approval of Items Using the Marks. Franchisor reserves the right to approve all signs, memos, stationery, business cards, advertising material forms and all other objects and supplies using the Marks. All advertising, publicity, point of sale materials, signs, decorations, furnishings, equipment, or other materials employing the Marks shall be in accordance with this Agreement and the Manuals, and Franchisee shall obtain Franchisor's approval prior to such use.

3.5 Modification of Marks. If it becomes advisable at any time, in the sole discretion of Franchisor, to modify or discontinue use of any Mark and/or to adopt or use one or more additional or substitute proprietary marks, then Franchisee shall be obligated to comply with any such instruction by Franchisor. In such event and at Franchisor's direction, Franchisee shall adopt, use and display only such new or modified Marks and shall promptly discontinue the use and display of outmoded or superseded marks, at Franchisee's expense. Franchisee waives any other claim arising from or relating to any Mark change, modification or substitution. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any Mark addition, modification, substitution or discontinuation. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.

3.6 Unauthorized Use of the Marks. Franchisee acknowledges and agrees that the unauthorized use of the Marks will result in irreparable harm to Franchisor for which Franchisor may obtain injunctive relief, monetary damages, reasonable attorneys' fees and costs.

3.7 Notification of Infringement.

3.7.1 Franchisee shall immediately notify Franchisor of any apparent infringement of or challenge to Franchisee's use of the Marks, or any claim, demand, or suit based upon or arising from the unauthorized use of, or any attempt by any other person or any other corporation, limited liability company, partnership, or other entity ("**Entity**") to use, without authorization, or any infringement of or challenge to, any of the Marks. Franchisee also agrees to immediately notify Franchisor of any other litigation instituted by any person, Entity or governmental entity against Franchisor or Franchisee.

3.7.2 Franchisor and/or the licensor shall undertake the defense or prosecution of any litigation concerning Franchisee that relates to any of the Marks or that, in Franchisor's or the licensor's judgment, may affect the goodwill of the System; and Franchisor may, in such circumstances, undertake any other action which it deems appropriate. Franchisor shall have sole and complete discretion in the conduct of any defense, prosecution or other action it chooses to undertake. In that event, Franchisee shall execute those documents and perform those acts which, in the opinion of Franchisor, are necessary for the defense or prosecution of the litigation or for such other action as may be undertaken by Franchisor.

3.7.3 Franchisor agrees to indemnify Franchisee against, and to reimburse Franchisee for, all damages for which Franchisee is held liable in any proceeding in which Franchisee's use of any Mark pursuant to and in compliance with this Agreement is held to constitute trademark infringement, unfair competition or dilution, and for all costs reasonably incurred by Franchisee in the defense of any such claim brought against Franchisee or in any such proceedings in which Franchisee is named as a party, provided that Franchisee has timely notified Franchisor of such claim or proceedings, has otherwise complied with this Agreement and has tendered complete control of the defense of such to Franchisor. If Franchisor defends such claim, Franchisor shall have no obligation to indemnify or reimburse Franchisee with respect to any fees or disbursements of any attorney retained by Franchisee.

3.8 Limited License. In order to develop and maintain high uniform standards of quality and service and to protect the reputation and goodwill of Franchisor, Franchisee agrees to do business and advertising using only the Marks designated by Franchisor. Franchisee shall not do business or advertise using any other name. Franchisee is not authorized to and shall not use the words "Matchbox" by itself, as a part of the legal name of any Entity to which Franchisee is associated, or with a bank account, trade account or in any legal or financial connection. Franchisee will file for a certificate of assumed name in the manner required by applicable state law to notify the public that Franchisee is operating its Franchised Restaurant as an independent contractor.

3.9 Franchisor's Right to Inspect. In order to preserve the validity and integrity of the Marks, and to assure that Franchisee is properly employing them in the operation of Franchisee's business, Franchisor and its agents shall have the right at all reasonable times to inspect Franchisee's business, financial books and records, and operations. Franchisee shall cooperate with and assist Franchisor's representative in such inspection.

3.10 Identification of Franchisee. During the term of this Agreement and any renewal or extension hereof, Franchisee shall identify itself as the owner of the Franchised Restaurant in conjunction with any use of the Marks, including, but not limited to, on invoices, order forms, receipts, business stationery, contracts with all third parties or entities, as well as the display of such notices in such content and form at such conspicuous locations as Franchisor may designate in writing. **In addition, Franchisee shall ensure that all employees understand that they are employees of Franchisee and have no relationship, employment or otherwise, with Franchisor.**

4. TERM AND RENEWAL

4.1 Initial Term. Except as otherwise provided in this Agreement, the initial term of this Agreement shall commence as of the Effective Date and shall expire on the ten (10) year anniversary of the Effective Date (the "**Initial Term**") unless terminated earlier in accordance with the provisions of this Agreement.

4.2 Renewal Term. Subject to the conditions specified in Section 4.3, Franchisee shall have the option to renew this Agreement for a period of ten (10) years from the date of the expiration of the Initial Term.

4.3 Conditions to Renewal. Franchisee's right of renewal pursuant to Section 4.2 above shall be subject to the following conditions precedent:

4.3.1 Neither this Agreement nor the lease agreement for the Approved Location shall have been terminated for any reason, and the lease is renewable;

4.3.2 Franchisee shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, any other agreement between Franchisor or any of its affiliates and Franchisee has substantially complied with all of the terms and conditions of such agreements during their terms;

4.3.3 Franchisee shall have served notice of its intention to exercise its right of renewal not less than twelve (12) months nor more than eighteen (18) months prior to the expiration of the Initial Term;

4.3.4 Franchisee shall have effected the improvements to the Franchised Restaurant and its operations required by Franchisor pursuant to Section 4.4 below;

4.3.5 Franchisee has satisfied all monetary obligations due and owing to Franchisor and its affiliates and Franchisee has timely met these obligations throughout the term of this Agreement and any other agreement in effect and any renewals thereof;

4.3.6 Franchisee shall execute, upon renewal, Franchisor's then-current form of Franchise Agreement, which agreement shall supersede this Agreement in all respects and terms, and which may differ from the terms of this Agreement, including a higher Royalty Fee (as defined in Section 5.2) and higher Marketing Fund Contribution (as defined in Section 5.3);

4.3.7 Franchisee shall execute a general release, in a form prescribed by Franchisor on any and all claims against Franchisor and its affiliates, and their respective owners, officers, directors, agents and employees;

4.3.8 Franchisee shall comply with Franchisor's then-current reasonable qualification and training requirements; and

4.3.9 Franchisee shall remit to Franchisor a renewal fee equal to twenty five percent (25%) of Franchisor's then-current Initial Franchise Fee.

4.4 Renewal Report. Upon receipt of a notice to renew from Franchisee pursuant to Section 4.2 above, Franchisor shall prepare a renewal report specifying the modifications, improvements and repairs, if any, that Franchisee must make to the Franchised Restaurant in conformity with Franchisor's then existing standards and specifications. Franchisee shall complete the items specified in the renewal report within three (3) months of receipt of the renewal report.

4.5 Extension of this Agreement. In the event Franchisee shall continue to operate the Franchised Restaurant following the expiration, termination or non-renewal of this Agreement for any reason with the express or implied consent of Franchisor, such continuation shall be construed to be an extension of the term of this Agreement only from month-to-month, terminable by either party on no more than thirty (30) days' notice to the other party and otherwise in accordance with all of the provisions of this Agreement. If applicable law requires Franchisor to give Franchisee notice of expiration of this Agreement at a specified time prior to such expiration, and Franchisor has not done so, then the term of this Agreement will be extended to the date following which Franchisor's notice has been given and the legally required notice period has expired.

5. FEES

5.1 Initial Franchise Fee. In consideration of the execution of this Agreement and Franchisor's granting to Franchisee the franchise covered hereby, Franchisee agrees to pay to Franchisor

an Initial Franchise Fee in the amount of Sixty Thousand Dollars ($60,000) (the "**Initial Franchise Fee**"), payable upon the execution of this Agreement, which sum shall be deemed fully earned by Franchisor upon receipt thereof and is non-refundable.

5.2 Royalty Fee. In consideration of this franchise granted by this Agreement, the services to be provided by Franchisor under this Agreement, and for the use of the Marks during the term of this Agreement and any subsequent renewals, Franchisee shall remit to Franchisor a non-refundable royalty fee equal to six percent (6%) of the Gross Sales generated by, from, or through the Franchised Restaurant ("**Royalty Fee**").

5.3 Marketing Fund Contribution. Franchisee must make a non-refundable contribution to the Marketing Fund in an amount equal to one percent (1%) of the Gross Sales of the Franchised Restaurant (the "**Marketing Fund Contribution**") at the same time and in the same manner as Franchisee pays the Royalty Fee. Franchisor has the right to increase the amount of the Marketing Fund Contribution as described in Section 9.1.3.

5.4 Definition of "Gross Sales." "**Gross Sales**" means the aggregate amount of all revenues generated from the sale of all products and services sold and all other income of every kind related to the Franchised Restaurant, whether for cash or credit (and regardless of collection in the case of credit), whether from sales on the premises, by delivery, from catering, or at wholesale (whether the sales method is permitted or not). Franchisee may not reduce Gross Sales by the amount of any discounts provided to employees, family members and other businesses that Franchisee controls. Gross Sales do not include sales taxes or other taxes collected from customers for transmittal to the appropriate taxing authority, proceeds from the sale of gift cards or stored value cards, and customer refunds made in good faith. Franchisor reserves the right to modify its policies consistent with restaurant industry practices regarding revenue recognition, revenue reporting, and the inclusion in or exclusion of certain revenue from "Gross Sales" as circumstances, business practices, and technology change.

5.5 Sales Report and Payment Method.

5.5.1 By no later than close of business on Monday day of each week, Franchisee must submit a complete and accurate report of Gross Sales for the preceding week (Monday through Sunday), and such other weekly data as Franchisor may reasonably require. Franchisor reserves the right to designate a different reporting period in the Manuals.

5.5.2 All payments due to Franchisor, including the Royalty Fees and Marketing Fund Contributions, are due and payable according to the schedule and in the manner established by Franchisor in the Manuals or otherwise in writing. As of the Effective Date, these fees are due and payable on a weekly basis on Wednesday of each week based on the Gross Sales of the Franchised Restaurant during the prior week ("**Payment Date**"). Franchisee shall remit Royalty Fees, Marketing Fund Contributions and any other payments owed to Franchisor under this Agreement via electronic funds transfer or other comparable means as designated by Franchisor. Franchisee shall comply with the procedures established by Franchisor and/or perform such acts and deliver and execute such documents as may be necessary to assist in or accomplish such electronic method of payment. Franchisee agrees that, at all times throughout the term of this Agreement, Franchisee shall maintain a minimum balance of Five Thousand Dollars ($5,000) in Franchisee's bank account against which such electronic funds transfer shall be drawn for the Franchised Restaurant operated under this Agreement. Franchisor may require payment by other than automatic debit, and Franchisee must comply with Franchisor's payment instructions.

5.5.3 If Franchisee does not report the Franchised Restaurant's Gross Sales in accordance with Section 5.5.1, Franchisor may debit Franchisee's account for one hundred twenty percent

(120%) of the last Royalty Fee and Marketing Fund Contribution that Franchisor debited. If the Royalty Fee and Marketing Fund Contribution Franchisor debits is less than the Royalty Fee and Marketing Fund Contribution Franchisee actually owes, Franchisor will debit Franchisee's account for the balance on a day it specifies. If the Royalty Fee and Marketing Fund Contribution Franchisor debits is greater than the Royalty Fee Franchisee actually owes, Franchisor will credit the excess against the amount it otherwise would debit from Franchisee's account during the following week.

5.6 Interest on Overdue Amounts. If any payment is overdue, Franchisee must pay Franchisor, in addition to the overdue amount, interest on the overdue amount from the date it was due until paid at the rate of one and one-half percent (1.5%) per month or the maximum rate permitted by applicable law, whichever is less. The interest charges are in addition to any other remedies Franchisor may have. In addition to the interest charges, Franchisee must reimburse Franchisor for any bank fees incurred by Franchisor and pay Franchisor Fifty Dollars ($50) (or the maximum amount permitted by applicable law, whichever is less) to cover its administrative expenses in responding each time Franchisee delivers a payment to Franchisor which does not clear Franchisee's bank account, or where Franchisor is not able to complete an electronic funds transfer due to insufficient funds in Franchise's bank account.

5.7 Acceptance by Franchisor. Acceptance by Franchisor of the payment of any Royalty Fees or any and all other payments provided for in this Agreement shall not be conclusive or binding on Franchisor with respect to the accuracy of such payment until two (2) years after the effective date of termination or non-renewal of this Agreement. Acceptance of any payment on account of Royalty Fees or any and all other payments provided for in this Agreement does not constitute any waiver of Franchisor's rights under Section 17 or 18 of this Agreement.

5.8 Application of Payments. Franchisor shall have sole discretion to apply any payments from Franchisee to any of Franchisee's past due indebtedness for Royalty Fees, Marketing Fund Contributions, interest or any other indebtedness. This provision does not constitute consent to late payments or an agreement to extend credit.

5.9 Franchisee May Not Withhold or Off-Set Payments. Franchisee shall not delay or withhold the payment of all or any part of any fees for any reason, put the same in escrow or set-off same against any and all claims or alleged claims Franchisee may allege against Franchisor.

5.10 Partial Payments. No payment by Franchisee or acceptance by Franchisor of any monies under this Agreement for a lesser amount than due shall be treated as anything other than a partial payment on account. Franchisee's payment of a lesser amount than due with an endorsement, statement or accompanying letter to the effect that payment of the lesser amount constitutes full payment shall be given no effect, and Franchisor may accept the partial payment without prejudice to any rights or remedies Franchisor may have against Franchisee. Acceptance of payments by Franchisor other than as set forth in this Agreement shall not constitute a waiver of Franchisor's right to demand payment in accordance with the requirements of this Agreement or a waiver by Franchisor of any other remedies or rights available to Franchisor pursuant to this Agreement or under applicable law. Notwithstanding any designation by Franchisee, Franchisor shall have sole discretion to apply any payments by Franchisee to any of Franchisee's past due indebtedness for Royalty Fees, Marketing Fund Contributions and fees, purchases from Franchisor or its affiliates, interest or any other indebtedness. Franchisor has the right to accept payment from any other entity as payment by Franchisee. Acceptance of that payment by Franchisee will not result in that other Entity being substituted for Franchisee.

6. TRAINING AND COMMENCEMENT OF BUSINESS

6.1 Initial Training Program. Prior to opening the Franchised Restaurant, Franchisee's Operating Principal and at least two (2) and up to four (4) managers of the Franchised Restaurant, shall attend and successfully complete Franchisor's initial training program. The initial training program includes classroom training conducted at Franchisor's corporate headquarters or at another location designated by Franchisor and on-site training at a Matchbox restaurant. Franchisee's personnel shall complete the initial training program to Franchisor's satisfaction at least six (6) weeks prior to the opening of the Restaurant. A fully trained and approved manager must be on duty at all times that the Franchised Restaurant is open. During the initial training program, Franchisee shall receive instruction, training and education in the operation of the Franchised Restaurant and indoctrination into the System. If this Agreement is for Franchisee's second or subsequent Franchised Restaurant, Franchisor may reduce at its sole discretion the number of managers required to complete training and/or not require a member of Franchisee's ownership group to attend the initial training program. In the event Franchisee fails to have the requisite number of people successfully complete the initial training program, Franchisor shall have the right to terminate this Agreement without providing a refund of the Initial Franchise Fee.

6.2 Training Fees and Expenses. Franchisor does not charge a fee for the initial training program attended by Franchisee's personnel prior to the opening of the Franchised Restaurant. However, without regard to the number of managers trained prior to opening the Franchised Restaurant, Franchisee shall pay Franchisor's then-current training fees for any training programs attended by Franchisee's personnel subsequent to opening the Franchised Restaurant. In addition, if Franchisee requests that Franchisor provide its training program to additional trainees, whether before the Franchised Restaurant opens or while it is operating, Franchisee shall pay Franchisor's then-current training fee not later than seven (7) days prior to the commencement of the training session. Franchisee shall be responsible for all wages, travel and living expenses incurred by Franchisee's personnel in connection with the initial training program and any refresher classes.

6.3 Opening Training. Franchisor may, in its sole discretion, assign one or more representatives who will conduct a pre-opening and/or post-opening training program at the Franchised Restaurant for a period of up to seven (7) days. Franchisee agrees to reimburse Franchisor for the expenses incurred by such representatives while providing opening training and assistance, including, but not limited to, travel, lodging and meals. In addition, Franchisee shall pay Franchisor's then-current training fee for any training provided by Franchisor at the Franchised Restaurant.

6.4 Refresher Training. Franchisee shall attend such periodic refresher and supplemental training programs, conferences, or meetings at such locations as Franchisor may from time to time direct. Franchisor may designate that attendance at such program is mandatory for the Operating Principal and the general manager of the Franchised Restaurant. All expenses that Franchisee incurs in connection with attendance at any such refresher or supplemental training programs or meetings shall be borne solely by Franchisee. We may charge a reasonable tuition fee for any of these programs.

6.5 Franchised Restaurant Staff. Franchisee shall maintain at all times during the term of this Agreement, or any renewal thereof, a staff of trained employees sufficient to operate the Franchised Restaurant in accordance with this Agreement and Franchisor's standards. **Franchisee agrees that Franchisor is not the employer for any employees Franchisee hires. All management, personnel and training requirements are at Franchisee's discretion and are Franchisee's sole responsibility. Franchisor shall have the right to hold Franchisee solely liable and responsible for any breach of this Agreement or failure to follow the System by any employee of Franchisee.**

6.6 **General Manager**. Franchisee's Operating Principal may serve as the general manager of the Franchised Restaurant. If the Operating Principal is not available to manage the Franchised Restaurant operations on a full time basis, Franchisee must hire a general manager who possesses acceptable experience consistent with industry standards. Franchisee's general manager shall be required to complete Franchisor's training programs to Franchisor's satisfaction. Franchisee shall pay Franchisor's then-current training fee for providing any training programs to any new general manager of the Franchised Restaurant.

7. OBLIGATIONS OF FRANCHISOR

7.1 **Prototype Plans and Specifications.** In order to assist Franchisee in constructing the Franchised Restaurant, once Franchisee provides a set of current as-built drawings, Franchisor shall furnish to Franchisee a set of prototype or protostyle plans and specifications for the Franchised Restaurant, including requirements for exterior and interior design, layout, equipment and sign placement and decor scheme, all as included in the System.

7.2 **Pre-opening Assistance.** Franchisor shall make available to Franchisee any assistance that Franchisor may deem is required, based on the experience and judgment of Franchisor, in pre-opening, opening and initial business operation of the Franchised Restaurant, which assistance shall conform to that furnished to other existing franchisees.

7.3 **Additional Assistance** If, during the term of this Agreement, Franchisee requests that Franchisor provide additional assistance on-site at the Franchised Restaurant, then Franchisee shall pay Franchisor's then-current per diem fee for each representative/trainer that Franchisor sends to the Franchised Restaurant, and Franchisee shall reimburse each representative's expenses, including, but not limited to, travel, lodging and meals.

7.4 **Grand Opening Advertising.** Franchisor shall assist Franchisee with the grand opening advertising program and ongoing local marketing programs for the Franchised Restaurant.

7.5 **Continuing Advice.** Franchisor shall maintain an advisory relationship with Franchisee including ongoing telephone consultation to aid in the proper and effective operation of the System, the frequency and duration of which shall be in the sole discretion of Franchisor. Such operating assistance may consist of advice and guidance with respect to:

7.5.1 Methods and operating procedures of a Franchised Restaurant;

7.5.2 Additional food and beverage products and services authorized for sale by the Franchised Restaurant;

7.5.3 Selection, purchasing and storage of food products, beverages and other approved products, materials and supplies;

7.5.4 The establishment and operation of administrative, bookkeeping, accounting, inventory control, sales and general operating procedures for proper operation of the Franchised Restaurant; and

7.5.5 Marketing and promotion for the Franchised Restaurant.

7.6 **Inspection**. Franchisor or its designees or agents shall visit and inspect, from time to time, the Franchised Restaurant and evaluate the proper execution of the System, and confer with Franchisee and the managers of the Franchised Restaurant in connection therewith in order to assist in the proper business

operation of the Franchised Restaurant. Franchisor or its designees or agents shall have the absolute right to make inspections at such times and frequencies, during normal business hours, as Franchisor may determine. Franchisee and its managers and employees will cooperate with Franchisor's representatives in such inspections, render such assistance to them as they may reasonably request and immediately correct any failure to comply with the System and this Agreement as brought to Franchisee's attention by such representative.

7.7 Maintenance of Standards. Franchisor shall use its reasonable efforts to require maintenance of high and uniform standards in the execution of the System at all Matchbox restaurants utilizing the System, thus protecting and enhancing the reputation of Franchisor and the Marks. However, because complete and detailed uniformity under many varying conditions might not be possible or practical, Franchisee acknowledges that Franchisor specifically reserves the right and privilege, as Franchisor deems best, to vary the System for, and to provide different levels of service to, any franchisee or affiliate owned location, based upon the peculiarities of any condition or factors that Franchisor considers important to the successful operation of that business. Franchisee shall have no right to require Franchisor to grant Franchisee a similar variation or accommodation or to provide the same level of service.

7.8 Proprietary Items. In order to insure that the distinguishing characteristics of the System are uniformly maintained, Franchisor may establish from time to time standards for certain proprietary food items, products, equipment, commodities and supplies for the use of same by Franchisee in the execution of the System and may, in conjunction therewith, develop new proprietary food items, products, programs and develop new equipment and new techniques which Franchisee shall be required to use and/or purchase in the operation of the Franchised Restaurant.

7.9 No Representation of Success. Neither Franchisor's approval of a specific location for the Franchised Restaurant, nor any other service provided by Franchisor pursuant to this Agreement shall be deemed a representation, warranty or judgment by Franchisor as to the likely success of the Franchised Restaurant at such location with the specified personnel or as to the relative desirability of such location in comparison to others that might have been available to Franchisee.

7.10 Sale of Proprietary Items. Franchisor or its designees may sell to franchisees all of Franchisor's requirements of certain proprietary food and beverage items, as is stated in Section 8.5 of this Agreement, unless prevented from so doing by Force Majeure (as described in Section 22 below), governmental restrictions, labor disputes, inability to obtain or manufacture supplies or products, or other contingency or situation. Under these circumstances, Franchisor will not be responsible or liable for any business losses or interruption, and Franchisee, during these situations, may seek alternate, but approved, sources of supply, provided such products meet Franchisor's specifications as to quality and availability.

7.11 Pricing. With respect to the offer and sale of all menu and beverage items, Franchisor may from time to time offer guidance with respect to the selling price for such goods, products and services; however, Franchisee is in no way bound to adhere to any such recommended or suggested price. Franchisee shall have the right to sell its products and provide services at any price that Franchisee may determine. If Franchisee elects to sell any or all its products or merchandise at any price recommended by Franchisor, Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering such products or merchandise at the recommended price will enhance Franchisee's sales or profits. Franchisee agrees that Franchisor may set reasonable restrictions on the maximum and minimum prices Franchisee may charge for the products and services (subject to applicable law) offered and sold at the Franchised Restaurant to promote inter-brand competition. If Franchisor imposes a maximum price on a particular item, then (subject to applicable law) Franchisee may charge any price for that item, up to and including the maximum price Franchisor set. If Franchisor imposes a minimum price on a particular item, then Franchisee may charge

any price for that item (subject to applicable law), down to and including the minimum price that Franchisor has set.

8. OBLIGATIONS AND DUTIES OF FRANCHISEE

8.1 Management and Operation of the Franchised Restaurant.

8.1.1 Franchisee's Operating Principal and/or the general manager of the Franchised Restaurant shall, during the term of this Agreement and any renewal thereof, devote full time, energy and best efforts to the management and operation of the Franchised Restaurant hereunder, except as otherwise approved in writing by Franchisor, including, but not limited to, keeping the Franchised Restaurant operating and open for business at the times specified in the Manuals or as required by Franchisee's lease.

8.1.2 Franchisee shall, at Franchisee's sole expense, retain at all times during the term of this Agreement a certified public accountant to actively oversee management the books of the Franchised Restaurant. Franchisor shall have the right to contact Franchisee's certified public accountant to request reports and information that Franchisor has the right under this agreement to request from Franchisee.

8.2 Maintenance of the Franchised Restaurant. Franchisee shall maintain, at its own expense, at all times, the interior and exterior of the Franchised Restaurant and all fixtures, furnishings, signs and equipment in the highest degree of cleanliness, orderliness, sanitation and repair, as determined by Franchisor, and to make no material alteration, addition, replacement or improvement in or to the interior or exterior of the Franchised Restaurant without the prior written consent of Franchisor, except that Franchisee shall be required to periodically renovate, refurbish and update the Franchised Restaurant so that it is in substantial conformity with Franchisor's then-current design. Franchisor shall not require Franchisee to renovate, refurbish and/or update the Franchised Restaurant more frequently than every five (5) years during the term of this Agreement, and shall not require Franchisee to expend greater than One Hundred Thousand Dollars ($100,000) on each such periodic renovation, refurbishment and/or update.

8.3 Testing by Franchisor. Franchisee agrees to allow Franchisor, from time to time, to obtain and take samples of products and supplies from the Franchised Restaurant for testing by Franchisor in order to assure that Franchisee complies with Franchisor's reasonable standards and specifications.

8.4 Standards of Operation. Franchisee agrees to maintain a high moral and ethical standard in the operation and conduct of the Franchised Restaurant so as to create and maintain goodwill among the public for the Marks and supervise and evaluate the performance of its staff to insure that each renders competent, efficient and quality service to the general public.

8.5 Approved Products and Services. Franchisee recognizes that it is essential to the proper marketing of the Franchised Restaurant and its menu items, and to the preservation and promotion of its reputation and acceptance by the public at large, that standards of quality be maintained. Franchisee therefore agrees, as part of the consideration for this Agreement, that Franchisee will at all times sell, to retail customers only, or offer for sale to retail customers, only the menu items and products and render only such services as shall meet the reasonable specifications and standards from time to time approved in writing by Franchisor. In furtherance thereof, Franchisee shall be required to offer and sell any new products that may be introduced from time to time by Franchisor and shall offer any method of delivery, such as in-store, catering, and delivery, as Franchisor shall designate in the Manuals.

8.6 Authorized Menu Items. Within thirty (30) days after receipt of written notice from Franchisor, Franchisee shall begin selling any newly authorized menu items and cease selling any menu items that are no longer authorized. All food, beverage and merchandise items authorized for sale at the

Franchised Restaurant shall be offered for sale under the specific name designated by Franchisor. Franchisor, in its sole discretion, may restrict sales of menu items to certain time periods during the day. If Franchisee has a suggestion for a new menu item or for a change to an authorized menu item or Franchisee desires to participate in a test market program, Franchisee shall provide Franchisor written notice prior to implementation. Franchisee shall not add or modify any menu item or participate in a test market program without first having obtained Franchisor's prior written approval. Franchisee shall purchase any additional equipment and smallwares as Franchisor deems reasonably necessary in connection with new menu items. If Franchisor requires Franchisee to begin offering a new menu item which requires the purchase of additional equipment, a reasonable period of time, as determined in the sole discretion of Franchisor, shall be provided for the financing, purchase and installation of any such equipment before such new menu items must be offered for sale at the Franchised Restaurant.

8.7 Hours of Operation and Alcohol Sales. Franchisee recognizes that continuous and daily availability of any of the menu items to the public is essential to the adequate promotion of the Franchised Restaurant and that any failure to provide such availability affects Franchisor both locally and nationally. Franchisee must operate the Franchised Restaurant during the days and hours as prescribed in the Manuals (the "**Regular Operating Hours**"), or as required by any lease if different, except where prohibited or otherwise regulated by a governmental authority, including any state or local licensing authority, and shall otherwise conduct the business in accordance with generally accepted business standards. In addition to providing continuous and daily availability of the menu items to the public during Regular Operating Hours, Franchisee recognizes that having alcohol available to the public beyond Regular Operating Hours is essential for achieving strong alcohol sales. Franchisor shall have the option to require Franchisee to make a trained manager of the Franchised Restaurant personally available to provide alcohol to the consuming public beyond Regular Operating Hours until the bar closing time proscribed by the applicable local governmental authority, except where proscribed differently by the Franchised Restaurant's liquor license. These requirements may be changed by Franchisor from time to time, and upon reasonable notice to Franchisee and may differ from one franchisee to another based upon the specific characteristics of a particular location.

8.8 Approved Suppliers.

8.8.1 In connection with the operation of the Franchised Restaurant, Franchisee must purchase certain foods, beverages, products, equipment, containers, packaging supplies, paper goods and other product service items for the preparation and service of all menu items from sources designated by Franchisor.

8.8.2 In the event that Franchisee proposes to purchase any brand, type, and/or model of products, supplies, or services which are not then approved by Franchisor, Franchisee will first notify Franchisor and will submit to Franchisor, on Franchisor's request, sufficient written specifications, photographs, drawings, samples, and/or other information for a determination by Franchisor of whether the brand, type, and/or model of products, supplies, or services complies with Franchisor's specifications and standards, which determination will be made and communicated to Franchisee in writing within thirty (30) days after receipt of the necessary samples and information. In the event Franchisor does not respond within thirty (30) days, Franchisee's request is deemed denied. Franchisor does not make the criteria for approving suppliers available to franchisees. Franchisor may approve or disapprove a supplier or item in Franchisor's sole discretion. Franchisor may charge Franchisee a reasonable testing fee and will decide within a reasonable time after receiving the required information whether Franchisee may purchase items from such supplier. Upon Franchisor's approval of a proposed item and/or supplier, Franchisor will permit Franchisee to contract with the alternative supplier. Franchisor may revoke approval of a supplier or a particular item at any time in Franchisor's sole discretion by notifying Franchisee and/or the supplier in writing of the revocation of approval.

8.8.3 In connection with the operation of the Franchised Restaurant, Franchisee must purchase certain other products, food, beverages and other similar products, and other items offered for consumption to the retail purchaser as stated in the Manuals. Although it shall not be construed as an attempt to unreasonably limit the sources from which Franchisee may procure certain products, beverages, and other similar items, it is the intention of Franchisor that such items conform to Franchisor's strict standards and strict specifications of consistent quality and uniformity. Therefore, Franchisor requires Franchisee to purchase such products, beverages, and other items from sources designated by Franchisor.

8.8.4 Franchisor and its affiliates may negotiate purchasing arrangements under which suppliers agree to make services, products, equipment, materials and other goods and services available to Matchbox restaurants. Subject to applicable law, Franchisor and its affiliates may earn money from the suppliers based on Franchisee's purchases in the form of rebates, commissions, or other payments. Franchisee acknowledges that these payments compensate Franchisor and its affiliates for the cost of negotiating and maintaining the purchasing arrangements with the suppliers and that, subject to applicable laws, Franchisor and its affiliates have no obligation to remit the funds to Franchisee. Franchisor and its affiliates have the right to use all amounts received without restriction for any purposes they deem appropriate. Franchisee also acknowledges that, if Franchisor or Franchisor's affiliates sell items to Franchisee, Franchisor and Franchisor's affiliates may make a profit on the items.

8.9 NO REPRESENTATION OR WARRANTY. FRANCHISEE ACKNOWLEDGES THAT IN PURCHASING OR LEASING SUPPLIES, EQUIPMENT AND/OR MATERIALS FROM SUPPLIERS APPROVED BY FRANCHISOR, FRANCHISOR EXPRESSLY DISCLAIMS ANY WARRANTIES OR REPRESENTATIONS AS TO THE CONDITION OF SAME, INCLUDING, EXPRESS OR IMPLIED WARRANTIES AS TO MERCHANTABILITY OR FITNESS FOR ANY INTENDED PURPOSE. FRANCHISEE AGREES TO LOOK SOLELY TO THE MANUFACTURER OR SUPPLIER OF SAME IN THE EVENT OF ANY DEFECTS THEREIN.

8.10 Independent Professional Judgment. The parties acknowledge and agree that System standards, the Manuals, and any other training, specifications, standards and operating procedures related to the services provided by the Franchised Restaurant are not intended to limit or replace the professional judgment of Franchisee, Franchisee's Operating Principal or Franchisee's managers in supervising and operating the Franchised Restaurant. The Manuals, System standards and other training, specifications, standards and operating procedures represent only the minimum standards and Franchisee, Franchisee's Operating Principal, managers and other professionals are solely responsible for ensuring that the Franchised Restaurant performs in accordance with all applicable requirements and standards of care. Nothing in this Agreement shall obligate Franchisee, Franchisee's Operating Principal, managers or other professionals to perform any act that is contrary to their professional judgment, applicable standards of care or any laws or regulations; provided, however, that Franchisee must notify Franchisor immediately upon Franchisee's determination that any specification, standard or operating procedure is contrary to Franchisee's or their professional judgment.

8.11 Changes in Approved Products or Services. Franchisee shall only sell or offer for sale such products and services as described by Franchisor, from time to time; and Franchisee must obtain Franchisor's written approval for all contemplated menu changes and all additions to and/or deletions of products and services offered and sold in the Franchised Restaurant.

8.12 Compliance with Terms of Agreement. Franchisee shall comply with all the terms, conditions, requirements, covenants and agreements in this Agreement and any renewals thereof and supply Franchisor with such information (in addition to that otherwise provided for in this Agreement) as may be reasonably requested by Franchisor.

8.13 **Signage.** Franchisee shall purchase and install such signage as required by Franchisor. Franchisee shall only employ Franchisor's designated supplier to reproduce Franchisee's signage using Franchisor's format and specifications. This provision shall not constitute a license of any copyright or trademark to the prospective printer of such signage.

8.14 **Taxes**. Franchisee shall promptly pay, when due, all taxes levied or assessed, including federal income taxes, sales taxes, unemployment taxes and all indebtedness to Franchisor incurred by Franchisee in the conduct of the business licensed by this Agreement.

8.15 **Compliance with Laws**. Franchisee shall comply with all federal, state and local laws, rules and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business licensed by this Agreement, including operational licenses, licenses to do business and fictitious name registrations.

8.16 **Notification of Claim**. Franchisee shall notify Franchisor, in writing, within five (5) days of the commencement of any violation, action, claim, suit or proceeding, and of the issuance of any order, writ, injunction, suit or proceeding, award or decree of any court, agency or other governmental instrumentality which may adversely affect the operation or financial condition of the Franchised Restaurant.

8.17 **No Right to Bind Franchisor**. Franchisee shall not pledge Franchisor's credit or bind Franchisor to any obligation, nor shall it hold itself out as being authorized to do so.

8.18 **Uniforms**. Franchisee shall be responsible for having all personnel employed by Franchisee wear standard related uniforms and attire during business hours. Franchisee shall be permitted to purchase such uniforms and attire from manufacturers or distributors approved by Franchisor, which uniforms and attire must be in strict accordance with Franchisor's design and other specifications.

8.19 **Compliance with Applicable Laws and Regulations.** Franchisee understands and agrees that the operation of the Franchised Restaurant, maintenance of its premises and equipment, conduct and appearance of its personnel, and the preparation and sale of products therefrom are all regulated by governmental statutes and regulations. To this end, Franchisee shall fully and faithfully comply with all such governmental statutes and regulations. If any product dispensed at the Franchised Restaurant evidences adulteration from Franchisor's standards for food items or is in violation of applicable law or regulation or if the food items, premises, equipment, personnel or operation of the Franchised Restaurant fail to be maintained in accordance with governmental requirements, then Franchisee shall immediately close the Franchised Restaurant, destroy all contaminated or adulterated products and eliminate the source thereof, and remedy all unsanitary conditions. Franchise shall reopen for business only after Franchisor's inspection and laboratory analysis from samples obtained for that purpose by Franchisor evidence a compliance with the applicable governmental requirements and with Franchisor's standards. In the event Franchisee or its agents or employees fails or refuses to comply with all of the foregoing remedial measures or in the event of any repetition of any adulteration, palming off, or failure of sanitation in the Franchised Restaurant, Franchisee shall pay Franchisor's costs and expenses, including attorneys' fees, incurred by Franchisor in enforcing the provisions of this Section 8.19. The remedies presented herein are in addition to and not in substitution for Franchisor's right to injunctive relief stated in Section 25.6 of this Agreement. In furtherance of the foregoing, Franchisee must submit copies of all health, sanitation or other regulatory agency inspection reports to Franchisor immediately upon receipt thereof.

8.20 **Compliance With Anti-Terrorism Laws.** Franchisee and its owners agree to comply, 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, represent,

and warrant that none of its property or interests is subject to being blocked under, and that Franchisee and its owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean 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. Any violation of the Anti-Terrorism Laws by Franchisee or its owners, or any blocking of Franchisee's or its owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

8.21 Market Research. Franchisor may, from time to time, conduct market research and testing to determine consumer trends and the salability of new products and services. Franchisee agrees to cooperate by participating in Franchisor's market research programs, test marketing new products and services in the Franchised Restaurant and providing Franchisor with timely reports and other relevant information regarding such market research. In connection with any such test marketing, Franchisee shall purchase a reasonable quantity of the tested products and effectively promote and make a reasonable effort to sell such products.

8.22 Prohibited Product Fine. In the event Franchisee sells any products or performs any services that Franchisor has not prescribed, approved or authorized, Franchisee shall, upon notice from Franchisor: (1) cease and desist offering or providing the unauthorized or unapproved food, beverage, product, premium, novelty item, clothing, souvenir or from performing such services and (2) pay to Franchisor, on demand, a prohibited product or service fine equal to Five Hundred Dollars ($500) per day for each day such unauthorized or unapproved product or service is provided by Franchisee. The prohibited product or service fine shall be in addition to all other remedies available to Franchisor under this Agreement or at law.

8.23 Non-Compliance Fine. In the event that Franchisee breaches any provision of this Agreement, any material provision of the Manuals, or any other agreement between Franchisee and Franchisor or any of its affiliates, and upon notice from Franchisor, Franchisee shall pay to Franchisor, on demand, a non-compliance fine equal to One Thousand Dollars ($1,000). If the violation is not corrected within thirty (30) days of Franchisor's notice, and upon notice from Franchisor, Franchisee shall pay to Franchisor, on demand, an additional non-compliance fine equal to Three Thousand Dollars ($3,000). Franchisee shall not be obligated to pay Franchisor any fine under this provision where Franchisee has paid a Prohibited Product Fine under Section 8.22 for the same violation. The Non-Compliance Fine shall be in addition to all other remedies available to Franchisor under this Agreement or at law.

8.24 Gift Cards and Loyalty Programs. Franchisee must participate in programs relating to gift cards, gift certificates, stored value cards, online or mobile coupons or credits, online or mobile ordering systems, and other electronic money programs as Franchisor may prescribe from time to time in the Manuals. Participation includes both issuing program benefits or credits and accepting them for payment by customers, and may require Franchisee to purchase additional equipment. Franchisee shall sell, issue, and redeem (without any offset against any Royalty Fees) gift cards in accordance with procedures and policies specified by Franchisor in the Manuals or otherwise in writing, including those relating to procedures by which Franchisee shall request reimbursement for gift cards issued by other Matchbox restaurant operators and for making timely payment to Franchisor, other Matchbox restaurant operators, or a third-party service provider for gift cards issued from the Franchised Restaurant that are honored by Franchisor or other Matchbox restaurant operators. Franchisee must also participate in any "frequent guest" or customer loyalty programs prescribed by Franchisor. In order to participate Franchisee may be required to enter into a contract with a designated vendor and offer discounts and free redemption products in accordance with the rewards program. Franchisee may not offer its own gift card, electronic money, or loyalty program for the Franchised Restaurant without Franchisor's prior approval.

8.25 Technology

8.25.1 Franchisee must acquire and install in the Franchised Restaurant, at Franchisee's own expense, the point of sale (POS) system, back office computer, and other computer equipment, digital menu boards, communications devices, audio/visual equipment and software systems that Franchisor specifies in writing from time to time. Franchisee must: (1) maintain an electronic connection between Franchisee's systems and Franchisor's systems and provide Franchisor with all user IDs and passwords necessary for Franchisor to independently access files and other information stored on Franchisee's systems; (2) use the systems in accordance with all policies and operational procedures Franchisor issues from time to time; (3) transmit data to Franchisor at the times specified by Franchisor; (4) maintain Franchisee's systems in good working order at all times; (5) promptly install upgrades, additions, changes, modifications, substitutions and/or replacements of hardware, software, data connectivity, electrical power, and other computer-related facilities as Franchisor directs; (6) ensure that Franchisee's employees are adequately trained in the use of such systems and Franchisor's related policies and procedures; and (7) implement at all times appropriate physical and electronic security as is necessary to secure Franchisee's computer system and to comply any standards and policies that Franchisor may issue (without obligation to do so) in this regard. Franchisee must not install any software to its systems that Franchisor has not authorized, including anti-virus software and firewalls. Franchisee must bear all costs of installation, operation, maintenance and upgrade of Franchisee's systems. Franchisor reserves the right to require Franchisee to engage Franchisor or a hardware maintenance and/or help desk support provider approved by Franchisor to maintain Franchisee's computer and point of sale systems.

8.25.2 Franchisor has the right, but not the obligation, to develop or have developed for Franchisor, or to designate, software programs that Franchisee must use in connection with Franchisee's computer and POS systems. Franchisee must install all such software, including any updates, supplements, modifications, or enhancements that Franchisor requires. Franchisor and its suppliers may charge a reasonable software license fee for any software that Franchisee is required to use. Each party to this Agreement 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 will have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Franchisee agrees to comply with those reasonable new standards that Franchisor establishes as if Franchisor periodically revised this Section 8.25 for that purpose.

8.26 Payment Systems. Franchisee must honor all credit, charge, courtesy or cash cards or other credit devices and payment systems specified by Franchisor. Franchisee must comply with the then-current Payment Card Industry Data Security Standards (PCI/DSS) as those standards may be revised by the PCI Security Standards Council, LLC (see www.pcisecuritystandards.org) or successor organization. Among other things, Franchisor agrees to implement the security requirements that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards. Franchisee must demonstrate compliance on reasonable request, which may include having an independent third party designated by Franchisor conduct a PCI/DSS audit.

8.27 Information Security. Franchisee must implement all administrative, physical, and technical safeguards necessary to protect any information that can be used to identify an individual, including names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, credit card information, biometric or health data, government-issued identification numbers, and credit report information ("**Personal Information**") in accordance with applicable law and industry best practices. It is entirely Franchisee's responsibility (even if Franchisor provides Franchisee any assistance or guidance in that regard) to confirm that the safeguards Franchisee uses to protect Personal Information comply with all applicable laws and industry best practices related to

the collection, access, use, storage, disposal, and disclosure of Personal Information. If Franchisee becomes aware of a suspected breach or actual breach of security or unauthorized access involving Personal Information, Franchisee shall notify Franchisor immediately and specify the extent to which Personal Information was compromised or disclosed.

8.28 Innovations. All ideas, concepts, techniques, or materials relating to a Matchbox restaurant, whether or not protectable intellectual property and whether created by or for Franchisee or Franchisee's owners or employees, must be promptly disclosed to Franchisor and will be deemed to be Franchisor's sole and exclusive property, part of the System, and works made-for-hire for Franchisor. To the extent any item does not qualify as a "work made-for-hire" for Franchisor, by this Section 8.28, Franchisee assigns ownership of that item, and all related rights to that item, to Franchisor and agrees to sign, and cause Franchisee's employees and other agents to sign, whatever assignment or other documents Franchisor requests to evidence Franchisor's ownership or to help Franchisor obtain intellectual property rights in the item.

8.29 Catering and Other Off-Premises Programs. Franchisor has the right (but no obligation) to establish delivery, catering, third-party delivery, and/or wholesaling programs ("**Off-Premises Programs**"). Off-Premises Programs may be mandatory or optional for franchisees and may include online, mobile application and telephone ordering systems. If Franchisor establishes a mandatory Off-Premises Program or Franchisee chooses to participate in a voluntary program, Franchisee agrees to pay the fees and costs associated with participating and to comply with all other rules and procedures that Franchisor specifies for the program in the Manuals or otherwise in writing. Franchisee acknowledges that Franchisee may have to purchase equipment, including a delivery vehicle, in order to participate in an Off-Premises Program. Franchisor may define designated service areas for Off-Premises Programs. Franchisor can modify or terminate an Off-Premises Program by notice to the participating restaurants.

9. ADVERTISING AND PROMOTIONAL ACTIVITIES

9.1 Marketing Fund.

9.1.1 Recognizing the value of marketing and the importance of the standardization of promotions and public relations programs to the furtherance of the goodwill and public image of the System and the Marks, Franchisee agrees to contribute to a system-wide marketing fund (the "**Marketing Fund**") during the term of this Agreement on weekly basis payable at the same time and in the same manner as the Royalty Fee.

9.1.2 Franchisor has the right to establish the Marketing Fund for the enhancement, promotion and protection of the System and the Marks, and for the development of advertising, marketing, and public relations programs and materials as Franchisor deems appropriate. Franchisor has the right to direct all advertising, media placement, marketing and public relations programs and activities financed by the Marketing Fund, with final discretion over the strategic direction, creative concepts, materials and endorsements used and the geographic, market and media placement and allocation. Franchisee agrees to participate in all advertising, marketing, promotions, research and public relations programs instituted by the Marketing Fund.

9.1.3 When the Marketing Fund is established, Franchisee must contribute one percent (1%) of the weekly Gross Sales of the Franchised Restaurant to the Marketing Fund. Franchisor may increase the Marketing Fund Contribution by up to one-half of one percent (0.5%) (to a maximum of three percent (3%) of Gross Sales) upon ninety (90) days' notice. Matchbox restaurants operated by Franchisor and its affiliates will contribute to the Marketing Fund on the same basis as comparable franchisees.

9.1.4 Among the programs, concepts, and expenditures for which Franchisor may utilize the Marketing Fund monies are: (1) creative development and production of print ads, commercials, radio spots, point of purchase materials, direct mail pieces, door hangers, free standing inserts, brochures, logo wear, labeling, video, audio, and written materials and electronic media, and other advertising and promotional materials; (2) media placement and buying, including all associated expenses and fees; (3) administering regional and multi-regional marketing and advertising programs; (4) market research and customer satisfaction surveys, including the use of secret shoppers; (5) the creative development of, and actual production associated with, premium items, giveaways, promotions, sweepstakes, contests, public relation events, and charitable or nonprofit events; (6) creative development of signage, posters, and individual Matchbox restaurant décor items including wall graphics; (7) recognition and awards events and programs including periodic national and regional conventions and meetings; (8) design, establishment, and maintenance of websites, extranets, intranets, search rankings, social media profiles, mobile application and other digital marketing; (9) retention and payment of personalities engaged as spokespersons, advertising and promotional agencies, endorsement contracts, and other outside advisors including retainer and management fees; (10) sponsorship of sporting, charitable, or similar events; and (13) public relations and community involvement activities and programs.

9.1.5 The Marketing Fund may be used to pay reasonable salaries and expenses of Franchisor and its affiliates' employees who work on advertising, marketing, public relations materials, programs, activities or promotions prepared, planned or undertaken on behalf of the Marketing Fund and professional fees and administrative costs and overhead that Franchisor and its affiliates incur in activities reasonably related to the administration and activities of the Marketing Fund (including accounting fees, legal fees, and interest on monies borrowed by the Marketing Fund). Franchisor will not use the Marketing Fund for anything whose sole purpose is to solicit prospective franchisees, however, the System website, public relations activities, community involvement activities and other activities supported by the Marketing Fund may contain information about franchising opportunities.

9.1.6 Franchisee acknowledges that the Marketing Fund and any earnings thereon will be used to maximize general public recognition, acceptance, and patronage of Matchbox restaurants, and that Franchisor is not obligated, in administering the Marketing Fund, to make expenditures for Franchisee which are equivalent or proportional to Franchisee's contributions, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Marketing Fund. Franchisee's failure to derive any such benefit will not serve as a basis for a reduction or elimination of Franchisee's obligation to contribute to the Marketing Fund. The failure (whether with or without Franchisor's permission) of any other franchisee to make the appropriate amount of contributions to the Marketing Fund will not release Franchisee from or reduce Franchisee's obligation.

9.1.7 Nothing in this Agreement will be construed to create a trust or fiduciary relationship of any kind or nature whatsoever among the parties as it relates to the Marketing Fund or Franchisor's actions with respect thereto, including collection of payments, maintenance of the bank account, bookkeeping, and disbursement of monies from the Marketing Fund. Except as expressly provided in this Section 9, Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to maintenance, direction, or administration of the Marketing Fund. The Marketing Fund may spend in any fiscal year more or less than the total Marketing Fund Contributions in that year, borrow from Franchisor or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. Franchisor will prepare an annual, unaudited statement of Marketing Fund collections and expenses within sixty (60) days after Franchisor's fiscal year end and will provide a copy of the statement to all franchisees upon request. Franchisor retains the final authority on all programs financed by the Marketing Fund. Franchisor has the right to change or dissolve the Marketing Fund at any time. If Franchisor disbands the Marketing Fund, Franchisor will spend all monies in the fund for advertising and/or promotional purposes or distribute all

unspent monies to contributors in proportion to their respective Marketing Fund Contributions during the preceding twelve (12) month period.

9.2 Local Advertising.

9.2.1 Franchisee shall make any grand opening advertising expenditures as may be required by Franchisor, Franchisee's landlord and/or by the terms of Franchisee's lease. Notwithstanding the foregoing, Franchisee shall expend not less than Five Thousand Dollars ($5,000) on such grand opening advertising campaign. Franchisee shall obtain Franchisor's approval of the grand opening advertising campaign before such campaign is conducted.

9.2.2 Franchisee must spend at least one percent (1%) of the Gross Sales of the Franchised Restaurant each month on local advertising and marketing. Franchisee's advertising should be tailored to its specific Protected Territory. This local advertising obligation is in addition to the Marketing Fund Contributions Franchisee must pay to Franchisor. Franchisee must, at Franchisor's request, provide invoices or other supporting documentation to us to substantiate Franchisee's local advertising expenditures. If Franchisee fails to meet this minimum requirement, Franchisee will pay the difference between what you should have spent and what you actually spent into the Marketing Fund.

9.2.3 Franchisor will provide Franchisee with the specifications for any advertising and marketing materials Franchisee uses to promote the Franchised Restaurant. Franchisee must submit to Franchisor, for its approval, all materials to be used for local advertising, unless they have been approved before or they consist only of materials Franchisor provided. All materials containing the Marks must include the designation trademark ™, registered trademark ®, service mark ^{SM}, copyright ©, as applicable, or any other designation Franchisor specifies. If Franchisee does not receive written or oral disapproval of any materials submitted within fifteen (15) days from the date Franchisor receives the materials, the materials are disapproved. Any materials submitted to Franchisor for its approval will become Franchisor's property, and there will be no restriction on Franchisor's use of such materials. Franchisor may require Franchisee to withdraw and/or discontinue the use of any promotional materials or advertising, even if previously approved. Franchisor must make this requirement in writing, and Franchisee has five (5) days after receipt of Franchisor's notice to withdraw and/or discontinue use of the materials or advertising. Franchisee must include in any significant display advertisements, and in marketing materials for the Franchised Restaurant, in conformance with standards in the Manuals, a notice that the Franchised Restaurant is individually owned and operated by Franchisee. Franchisee may not solicit business through the use of any toll free phone number, direct mail, internet advertising or other advertising method without Franchisor's prior written consent.

9.3 Cooperatives.

9.3.1 Franchisor has right at any time and from time to time to establish, and thereafter modify (1) co-marketing programs in which Franchisor and its franchisees join with suppliers or other third parties to cross-promote goods and services; (2) joint marketing efforts in which multiple Matchbox restaurants can contribute to a specific advertising campaign or event; and/or (3) local or regional marketing co-operatives ("**Cooperatives**") that pool funds of Matchbox restaurants on an ongoing basis to jointly promote the Marks and the Matchbox restaurants of the Cooperative members. Franchisee must participate in each applicable joint marketing program and comply with the rules of the program.

9.3.2 Franchisor has the right to designate any geographic area or set of common characteristics for purposes of establishing a Cooperative. If a Cooperative is applicable to the Franchised Restaurant at the time the Franchised Restaurant opens for business, Franchisee must join the Cooperative. If a Cooperative applicable to the Franchised Restaurant is established during the Initial Term, Franchisee

must become a member and begin contributing no later than thirty (30) days after Franchisor authorizes the Cooperative to begin operation. Franchisee will not have to contribute to more than one Cooperative for the same Matchbox restaurant at the same time. Franchisor (or its affiliates, as the case may be) will become a member of any Cooperative that is applicable to a Matchbox restaurant owned by Franchisor or its affiliates.

9.3.3 Each Cooperative will be organized for the exclusive purpose of developing, administering and executing advertising programs for the members of the Cooperative. Each Cooperative will adopt a Cooperative agreement governing the organization and operation of the Cooperative, subject to Franchisor's approval. If the members of the Cooperative do not sign an agreement within a reasonable time, Franchisee agrees to sign Franchisor's recommended form of Cooperative Agreement. Franchisor reserves the right to change the form of organization, governing documents, and manner of operation of any Cooperative, and Franchisee and the other members agree to implement any such change promptly after notice from Franchisor. No changes in the bylaws or other governing documents of a Cooperative may be made without Franchisor's prior written consent. No advertising or promotional plans or materials may be used by a Cooperative or furnished to its members without Franchisor's prior approval. Franchisor and its designated agents will have the right to examine and copy, at their expense, on reasonable notice and during normal business hours, the books, records, and accounts of any Cooperative. Franchisor will also have the right, at any time, to have an independent audit made of the books of any Cooperative.

9.3.4 Franchisee and each other member of the Cooperative must contribute weekly to the Cooperative up to one percent (1%) of Gross Sales (unless a majority of the Cooperative votes to increase that amount). The Cooperative will be required to prepare annual financial statements for review by its members. Franchisor may grant to any franchisee an exemption for any length of time from the requirement of membership in a Cooperative and/or from the obligation to contribute (including a reduction, deferral, or waiver of the contribution), upon written request of the franchisee stating reasons which Franchisor deems sufficient to support the exemption. Franchisor's decision concerning any request for exemption will be final. If an exemption is granted to a franchisee, the franchisee will be required to spend on local advertising the amount the franchisee otherwise would have been required to contribute to the Cooperative.

9.4 Telephone Listings. Franchisee acknowledges and agrees that Franchisor will own all rights to and interest in each telephone number and telephone directory listing used by Franchisee that is associated in any manner with the Franchised Restaurant and/or with any Mark ("**Telephone Listing**"). Franchisee acknowledges and agrees that all goodwill arising from or in connection with the use of each Telephone Listing will inure to Franchisor's benefit. Promptly after the expiration, termination, repurchase or transfer of the franchise, and at Franchisee's own expense, Franchisee will notify all telephone companies with whom Franchisee has any Telephone Listing and direct them to transfer the Telephone Listing to Franchisor or to any person(s) Franchisor designates, and Franchisee will execute any and all documents necessary to complete these transfer(s). On the execution of this Agreement, Franchisee will sign a Telephone Number Assignment and Power of Attorney, in a form substantially similar to Exhibit E, granting Franchisor the authority to change, transfer or terminate Franchisee's Telephone Listing(s) on Franchisee's behalf. Franchisor will use this authorization only if Franchisee does not comply fully with this Section 9.4 after the expiration, termination, repurchase or transfer of the franchise.

9.5 Website. Franchisee shall not maintain a website or otherwise maintain a presence or advertise on the Internet or any other public computer network in connection with the Franchised Restaurant without Franchisor's prior written approval, which Franchisor may withhold for any reason or no reason. Franchisee agrees to submit to Franchisor for approval before use, true and correct printouts of all website pages Franchisee proposes to use in its website in connection with the Franchised Restaurant. Franchisee understands and agrees that Franchisor's right of approval of all such website materials is necessitated by

the fact that such website materials will include and be inextricably linked with Franchisor's Marks. Franchisee may only use materials which Franchisor has approved. Franchisee's website shall conform to all of Franchisor's website requirements, whether stated in the Manuals or otherwise. Franchisee agrees to provide all hyperlinks or other links that Franchisor requires. If Franchisor grants approval for a website, Franchisee may not use any of the Marks at the site except as Franchisor expressly permits. Franchisee may not post any of Franchisor's proprietary, confidential or copyrighted material or information on its website without Franchisor's prior written consent. If Franchisee wishes to modify the approved site, all proposed modifications must also receive Franchisor's prior written approval. Franchisee explicitly understands that Franchisee may not post on its website any material which any third party has any direct or indirect ownership interest in (including video clips, photographs, sound bites, copyrighted text, trademarks or service marks, or any other text or image which any third party may claim intellectual property ownership interests in). Franchisee agrees to list on its website any website maintained by Franchisor, and any other information Franchisor requires in the manner Franchisor dictates. Franchisee agrees to obtain Franchisor's prior written approval for any internet domain name and/or home page address.

9.6 Social Media. Franchisee is required and agrees to comply with any Social Media policy that is instituted by Franchisor, whether incorporated into the Manuals or otherwise communicated from Franchisor in writing at any time. Franchisor may grant Franchisee the right to maintain, or may require Franchisee to maintain, or may prohibit Franchisee from maintaining an independent social media presence for the Franchised Restaurant through websites such as Facebook, Twitter, Instagram, Tik Tok, Pinterest, Foursquare, and the like. Any such account shall be the property of Franchisor. If granted the right to operate such an account, Franchisee must grant Franchisor permanent access to all such social media accounts, including the right to edit, post, delete, and revise content. Franchisee shall provide and update a list of all passwords necessary for such access to Franchisor. Unless otherwise stated in a social media policy, all Franchisee content on such social media websites shall constitute local marketing materials for purposes of Section 9.2 above.

9.7 Participation in Promotions. Franchisor may, at its discretion, institute promotional programs to include Matchbox restaurants. Franchisee is required and agrees to participate in any promotional program instituted by Franchisor, at Franchisor's sole discretion. Such promotional programs may be regional, national, or international, and Franchisee is required to participate as directed by Franchisor. Franchisee may be required to purchase materials, provide free products to guests, or to otherwise incur expenses as part of a promotional program or programs, and Franchisee shall bear these costs. Franchisor shall have full discretion to initiate, continue, modify, or cancel any promotional program at any time.

10. REPORTS TO FRANCHISOR

10.1 Books and Records. Franchisee shall keep full, complete and accurate books and accounts in accordance with generally accepted accounting principles and in accordance with the System. Franchisor requires that Franchisee maintain its records based on accounting periods as defined in the Manuals. Currently Franchisor operates on thirteen (13) four (4) week periods in the year ("**Period")** and Franchisee shall:

10.1.1 Submit weekly Gross Sales reports to Franchisor under Section 5.5.1 of this Agreement;

10.1.2 Submit to Franchisor within ten (10) days after the end of each Period, a Period profit and loss report for the Franchised Restaurant for such Period;

10.1.3 Submit to Franchisor within sixty (60) days after the close of each fiscal year an annual profit and loss statement for the Franchised Restaurant for such year and a balance sheet for the Franchised Restaurant as of the end of such year, reviewed by an independent certified public accountant. Franchisor may randomly select a franchisee or franchisees who will be required to have an audited financial statement prepared by a certified public accountant selected by Franchisee, but who shall be acceptable to Franchisor, which opinion may be qualified only to the extent reasonably acceptable to Franchisor;

10.1.4 Submit to Franchisor within fourteen (14) days of filing, a copy of all of Franchisee's federal, state and local tax returns of any kind or nature; and a certificate from said accountant that all social security payments, taxes and fees required to be paid by Franchisee have been paid and that there is no reason to believe that Franchisee's corporate status, if Franchisee is an Entity, has been impaired; and

10.1.5 Submit to Franchisor such other periodic forms and reports as may be reasonably prescribed by Franchisor.

10.2 Maintenance of Accounting Records. Franchisee shall preserve for a period of not less than three (3) years all accounting records and supporting documents relating to the Franchised Restaurant.

10.3 Sales Records.

10.3.1 Franchisee shall record, in a manner approved and designated by Franchisor at the time of receipt, all sales of all products sold by Franchisee from the Franchised Restaurant in a computerized point of sale system of a type designated by Franchisor, or on any other machine or recording device recommended or approved in advance by Franchisor.

10.3.2 Franchisee shall maintain an internet connection of adequate connectivity, speed, and capacity to permit Franchisor to access Franchisee's computerized point of sale system, and shall allow Franchisor access to such computerized point of sale system at all times.

10.4 Audit. In order to determine whether Franchisee is complying with this Agreement, Franchisor or its designated agents shall have the right, at any time during reasonable business hours, to examine at its expense the books, records, cash control devices, income tax returns, bank statements, sales records of the Franchised Restaurant, and Franchisee's books and records. Franchisor shall also have the right, at any time, to have an independent audit made of Franchisee's books and records. If an inspection or audit should reveal that Gross Sales and/or payments have been understated in any report to Franchisor, by two percent (2%) or more, then Franchisee shall, upon fifteen (15) days' notice, pay to Franchisor the amount understated upon demand, with interest thereon as described in Section 5.6, and in addition reimburse Franchisor for any and all costs and expenses connected with the inspection (including, reasonable accounting and attorneys' fees, travel expenses, room and board and compensation of employees of Franchisor). The foregoing remedies shall be in addition to any other remedies Franchisor may have hereunder or under applicable law.

11. CONFIDENTIALITY

11.1 Loan of Manuals. Franchisor shall lend the Manuals to Franchisee, which include, in part, the business procedures, technical advice and rules and regulations for operating the Franchised Restaurant, and which incorporate by reference the training materials which Franchisor shall lend to Franchisee at the initial training program. The Manuals shall be provided to Franchisee when the lease for the Franchised

Restaurant is signed or when Franchisee attends Franchisor's initial training program, whichever occurs first.

11.2 Franchisee's Acknowledgments. Franchisee acknowledges and agrees that:

11.2.1 The Manuals are the property of Franchisor;

11.2.2 The Manuals contain Confidential Information (as defined below), which Franchisee will protect as a trade secret, and that its loss will cause substantial damage to Franchisor and other franchisees, although the amount of such loss would be incalculable with any degree of accuracy;

11.2.3 Franchisee shall not reprint or reproduce any portion of the Manuals for any reason whatsoever; and

11.2.4 Upon termination of this Agreement for any reason, Franchisee shall immediately return the Manuals, including any and all paper and electronic copies, to Franchisor.

11.3 Modifications to the Manuals. Franchisor may reasonably add to or otherwise modify the Manuals, from time to time, whenever it considers such additions or modifications desirable to improve or maintain the standards of the System and the efficient operation thereof, or to protect or maintain the goodwill associated with the Marks or to meet competition.

11.4 Incorporation of Manuals. The mandatory specifications, standards and operating procedures prescribed by Franchisor and communicated to Franchisee in writing, shall constitute provisions of this Agreement as if fully described herein. All references herein to this Agreement shall include the provisions of the Manuals and all such mandatory specifications standards and operating procedures.

11.5 Receipt of Confidential Information. Franchisee acknowledges that prior to or during the Initial Term, Franchisor may disclose in confidence, either orally or in writing, certain trade secrets, know-how, and other confidential information relating to the System, Franchisor's business, Franchisor's vendor relationships, Franchisor's Matchbox restaurants, or the construction, management, operation, or promotion of Matchbox restaurants (collectively, "**Confidential Information**"), including (1) site selection criteria and methodologies; (2) methods, formats, systems, recipes, System standards, sales and marketing techniques, knowledge and experience used in developing and operating Matchbox restaurants, including information in the Manuals; (3) marketing research and promotional, marketing, advertising, public relations, customer relationship management and other brand related materials and programs for Matchbox restaurants; (4) knowledge of specifications for and suppliers of, and methods of ordering, certain items that Matchbox restaurants use and/or sell; (5) knowledge of the operating results and financial performance of other Matchbox restaurants; (6) customer information, customer communication and customer retention programs, along with data used or generated in connection with those programs; and (7) any other information Franchisor reasonably designates from time to time as confidential or proprietary. "**Confidential Information**" does not include (a) information that is part of the public domain or becomes part of the public domain through no fault of Franchisee, (b) information disclosed to Franchisee by a third party having legitimate and unrestricted possession of such information, or (c) information that Franchisee can demonstrate by clear and convincing evidence was within Franchisee's legitimate and unrestricted possession when the parties began discussing the sale of the franchise.

11.6 Non-Disclosure of Confidential Information. Franchisor and its affiliates own all right, title, and interest in and to the Confidential Information. Franchisee will not, nor will Franchisee permit any person to, use or disclose any Confidential Information (including all or any portion of the Manuals) to any other person, except to the extent necessary for Franchisee's professional advisors and Franchisee's

employees to perform their functions in the operation of the Franchised Restaurant. Franchisee acknowledges that its use of the Confidential Information in any other business would constitute an unfair method of competition with Franchisor and Franchisor's franchisees. Franchisee will be liable to Franchisor for any unauthorized use or disclosure of Confidential Information by any employee or other person to whom Franchisee discloses Confidential Information. Franchisee will take reasonable precautions to protect the Confidential Information from unauthorized use or disclosure and will implement any systems, procedures, or training programs that Franchisor requires. Franchisee will require anyone who may have access to the Confidential Information to execute non-disclosure agreements in a form satisfactory to Franchisor that identifies Franchisor as a third-party beneficiary of such covenants with the independent right to enforce the agreement.

12. INSURANCE

12.1 Procurement of Insurance by Franchisee. Franchisee shall be responsible for all loss or damage arising from or related to Franchisee's development and operation of the Franchised Restaurant, and for all demands or claims with respect to any loss, liability, personal injury, death, property damage, or expense whatsoever occurring upon the premises of, or in connection with the development or operation of, the Franchised Restaurant. Franchisee shall maintain in full force and effect throughout the term of this Agreement that insurance which Franchisee determines is necessary or appropriate for liabilities caused by or occurring in connection with the development or operation of the Franchised Restaurant which shall include, at a minimum, insurance policies of the kinds, and in the amounts, required by Section 12.2.

12.2 Minimum Insurance Requirements. Franchisee shall obtain and place at its sole cost and expense, with an insurer rated "A+" in A.M. Best and Company, Inc.'s Directory who is authorized to do business in the state in which Franchisee's Franchised Restaurant is located, and to keep in full force and effect during the terms of this Agreement, insurance coverage on an "occurrence basis" naming Franchisor, its affiliates, its officers, directors and shareholders and any designated primary and secondary lessor as co-insureds in the minimum amounts set forth on Exhibit A to this Agreement. Franchisee shall obtain any other insurance coverage as required by the state, federal or local municipality in which the Franchised Restaurant premises is located, as required by Franchisor, or as required by the lease for the Franchised Restaurant premises. Franchisee may, with Franchisor's prior written consent, elect to have reasonable deductibles in connection with the coverage required under this section.

12.3 Additional Provisions. The insurance shall cover the acts or omissions of each and every one of the persons who perform services of whatever nature at the Franchised Restaurant, and shall protect against all acts of any persons who patronize the Franchised Restaurant and shall contain a waiver of subrogation against Franchisor.

12.4 Certificates of Insurance. Prior to the opening of the Franchised Restaurant, Franchisee will deliver to Franchisor certificates of insurance, together with the copies of the actual policies issued, and will promptly pay all premiums thereon as and when the same become due. All policies shall provide that they are non-cancelable as to Franchisor in the absence of thirty (30) days' advance written notice to Franchisor. Franchisor shall have the right, but shall not be obligated, to pay premiums due and unpaid by Franchisee or else to obtain substitute coverage in the case of cancellation. If Franchisor does so, Franchisee agrees to reimburse Franchisor within five (5) days of demand therefor.

12.5 Changes in Insurance Coverages. Franchisor has the right to increase the amounts of insurance coverage required and require different or additional kinds of insurance with thirty (30) days' prior written notice, including excess liability insurance, to reflect inflation, new risks, changes in the law or standards of liability, higher damage awards or other relevant changes in circumstances.

12.6 Notification of Claim. Franchisee shall immediately notify Franchisor, in writing, of any accidents, injury, occurrence or claim that might give rise to a liability or claim against Franchisor or which could materially affect the Franchised Restaurant, and such notice shall be provided no later than the date upon which Franchisee notifies its insurance carrier.

12.7 Franchisor May Purchase Insurance. If Franchisee fails to obtain or maintain the required insurance, or fails to provide certificates to Franchisor upon Franchisor's request, then Franchisor may obtain insurance on behalf of Franchisee from any vendor of Franchisor's choosing. Franchisee shall be required to reimburse Franchisor for the cost of the premium(s) plus a Two Thousand Five Hundred Dollar ($2,500) fee to cover Franchisor's administrative time and costs. Insurance reimbursement (including the Two Thousand Five Hundred Dollar ($2,500) fee) shall be payable upon demand from Franchisor, and interest shall begin to accrue (pursuant to Section 5.6 of this Agreement) upon the fifth day after demand if Franchisee has not reimbursed Franchisor.

12.8 No Representations. Franchisee acknowledges that no requirement for insurance contained in this Agreement constitutes advice or a representation by Franchisor that only such policies, in such amounts, are necessary or adequate to protect Franchisee from losses in connection with the Franchised Restaurant. Maintenance of the required insurance, and the performance by Franchisee of its obligations under this Section 12 shall not relieve Franchisee of liability under the indemnification provisions of this Agreement.

13. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION

A. Independent Contractor. The relationship between Franchisor and Franchisee is strictly that of a franchisor and franchisee, and Franchisee shall be deemed to be an independent contractor. This Agreement does not create a fiduciary or other special relationship between the parties. No agency, employment, or partnership is created or implied by the terms of this Agreement, and each party is not and shall not hold itself out as an agent, legal representative, partner, subsidiary, joint venturer, joint employer, or employee of the other for any purpose whatsoever. Neither this Agreement nor Franchisor's course of conduct is intended, nor may anything in this Agreement (nor Franchisor's course of conduct) be construed to state or imply that Franchisor is the employer of Franchisee's employees and/or independent contractors, nor vice versa. Franchisee shall have no right or power to, and shall not, bind or obligate Franchisor or its affiliates in any way or manner, nor represent that Franchisee has any right to do so.

13.1 Franchisee Has Full Responsibility. Franchisee recognizes that Franchisor has entered into this Agreement in reliance upon and in recognition of the fact that Franchisee will have full responsibility for the management and operation of the Franchised Restaurant and that the amount of profit or loss resulting from the operation of the Franchised Restaurant will be directly and solely attributable to the performance of Franchisee.

13.2 No Rights in the System, Marks, Etc. Except as expressly granted herein, Franchisee recognizes that nothing contained in this Agreement shall be construed as giving to Franchisee or to any other person or entity any right or interest in Franchisor's names, Marks, trade secrets, methods, procedures or techniques developed by Franchisor and used in the System. Further, nothing contained in this Agreement shall be construed as limiting Franchisor's right, title or interest in the "Matchbox" name, Marks, trade secrets, methods, procedures and techniques which are a part of the System or Franchisor's sole and exclusive right to register trade secrets, methods, procedures and techniques.

13.3 Identification of Independent Ownership. In all public records and prominently displayed at the Franchised Restaurant and in Franchisee's relationship with third parties, including but not limited to, employees and vendors, as well as on letterheads and business forms, Franchisee shall indicate

clearly the independent ownership of the Franchised Restaurant, and that the operations of the Franchised Restaurant are separate and distinct from the operation of Franchisor's business. Franchisor shall have the absolute right to approve and/or supply any sign displays containing the foregoing.

13.4 **Taxes**. Franchisor shall have no liability for any sales, use, excise, gross receipts, property or other taxes, whether levied upon Franchisee, the Franchised Restaurant or its assets, or upon Franchisor in connection with sales made, services performed or business conducted by Franchisee, except for any taxes Franchisor is required by law to collect from Franchisee with respect to purchases from Franchisor or for Franchisor's own income tax liability.

13.5 Indemnification by Franchisee.

13.5.1 Franchisee and all guarantors of Franchisee's obligations under this Agreement shall, at all times, indemnify, defend (with counsel reasonably acceptable to Franchisor), and hold harmless (to the fullest extent permitted by law) Franchisor and its affiliates, and their respective successors, assigns, past and present stockholders, directors, officers, employees, agents and representatives (collectively "**Indemnitees**") from and against all "losses and expenses" (as defined below) incurred in connection with any action, suit, proceeding, claim, demand, investigation, inquiry (formal or informal), judgment or appeal thereof by or against Indemnitees or any settlement thereof (whether or not a formal proceeding or action had been instituted), arising out of or resulting from or connected with Franchisee's (or its employees') operation of the Franchised Restaurant and Franchisee's (or its employees') activities under this Agreement, excluding the gross negligence or willful misconduct of any Indemnitee. Franchisee promptly shall give Franchisor written notice of any such action, suit, proceeding, claim, demand, inquiry or investigation filed or instituted against Franchisee and, upon request, shall furnish Franchisor with copies of any documents from such matters as Franchisor may request.

13.5.2 At Franchisee's expense and risk, Franchisor may elect to assume (but under no circumstances will Franchisor be obligated to undertake), the defense and/or settlement of any action, suit, proceeding, claim, demand, investigation, inquiry, judgment or appeal thereof subject to this indemnification. Such an undertaking shall, in no manner or form, diminish Franchisee's obligation to indemnify and hold harmless Franchisor and Indemnitees. Franchisor shall not be obligated to seek recoveries from third parties or otherwise mitigate losses.

13.5.3 As used in this Section 13.5, the phrase "**losses and expenses**" shall include, but not be limited to, all losses; compensatory, exemplary and punitive damages; fines; charges; costs; expenses; lost profits; reasonable attorneys' fees; expert witness fees; court costs; settlement amounts; judgments; compensation for damages to Franchisor's reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

14. COVENANTS NOT TO COMPETE

14.1 **Acknowledgements**. Franchisee acknowledges and agrees that: (1) pursuant to this Agreement, Franchisee will have access to valuable trade secrets, specialized training and other confidential information from Franchisor and/or its affiliates regarding the development, operation, product preparation and sale, market and operations research, advertising and marketing plans and strategies, purchasing, sales and marketing methods and techniques owned by Franchisor and its affiliates; (2) the know-how regarding the System and the opportunities, associations and experience acquired by Franchisee pursuant to this Agreement are of substantial value; (3) in developing the System, Franchisor and its affiliates have made substantial investments of time, effort, and money; (4) Franchisor would be unable adequately to protect

the System and its trade secrets and confidential and proprietary information against unauthorized use or disclosure and would be unable adequately to encourage a free exchange of ideas and information among operators of Matchbox restaurants if franchisees were permitted to engage in the activities described in this Section 14 or to hold interests in the Competitive Businesses described in this Section 14; and (5) the restrictions on Franchisee's right to hold interests in, or perform services for, the Competitive Businesses described in this Section 14 will not unduly limit Franchisee's activities.

14.2 Covenants. Franchisee covenants and agrees that, except as Franchisor otherwise approves in writing, during the term of this Agreement, and for a continuous period of two (2) years following the expiration, transfer or termination of this Agreement, Franchisee will not, either directly or indirectly, for itself or through, on behalf of, or in conjunction with any person or legal entity:

14.2.1 Own, maintain, engage in, participate or have any interest in the operation of any "**Competitive Business**", which is defined as a full service restaurant business: (1) offering American bistro fare; or (2) whose method of operation or trade dress is similar to that employed in the System. During the term of this Agreement, there is no geographical limitation on this restriction. Following the expiration, transfer or termination of this Agreement, this restriction shall apply to any Competitive Business located within a ten (10) mile radius of the premises of the Franchised Restaurant and any Competitive Business located within a ten (10) mile radius of any then-existing Matchbox restaurant; or

14.2.2 Divert or attempt to divert any present or prospective business or customer to any Competitive Business by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

14.2.3 Franchisee acknowledges that the premises of the Franchised Restaurant will itself acquire goodwill associated with the System and that it would be difficult for Franchisor to ascertain that Franchisee has no interest in the operation by a third party of a Competitive Business at that location that would, if operated by Franchisee, violate the restrictions of this Section 14.2. Accordingly, Franchisee further covenants and agrees that, during the term of this Agreement and for a period of two (2) years following the transfer, expiration or earlier termination of this Agreement, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or Entity, sell, assign, lease or transfer the premises of the Franchised Restaurant to any person or Entity that Franchisee knows, or has reason to know, intends to operate a Competitive Business at the premises that would violate Section 14.2.1 if operated by Franchisee. Franchisee, by the terms of any conveyance selling, assigning, leasing or transferring its interest in the premises of the Franchised Restaurant, shall include such restrictive covenants as are necessary to ensure that a Competitive Business that would violate Section 14.2.1 if operated by Franchisee is not operated at the premises of the Franchised Restaurant for this two (2) year period, and Franchisee shall take all steps necessary to ensure that these restrictive covenants become a matter of public record.

14.2.4 The restrictions of Section 14.2.1 shall not be applicable to: (1) Matchbox restaurants operated by Franchisee; and (2) the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represents three percent (3%) or less of the number of shares of that class of securities issued and outstanding.

14.3 Owners and Employees. Franchisee's owner(s) identified in Exhibit A that sign the Guarantee, Indemnification and Acknowledgement attached to this Agreement as Exhibit B will agree to be bound personally by the provisions of this Section 14, provided that, as to them, the time period in Section 14.2 will run from the expiration, termination, or transfer of this Agreement or from the termination of the individual's relationship with Franchisee, whichever occurs first. At Franchisor's request, Franchisee must obtain signed agreements similar in substance to this Section 14 (including agreements applicable

upon termination of a person's relationship with Franchisee) from any: (1) manager of the Franchised Restaurant; and (2) Franchisee's officers, directors, and owners. Each agreement required by this Section 14.3 must be in a form Franchisor approves and specifically identify Franchisor as a third party beneficiary with the independent right to enforce the agreement. Franchisor's current form of Non-Disclosure and Non-Competition Agreement is attached to this Agreement as Exhibit D.

14.4 Failure to Comply. In the event Franchisee fails or refuses to comply with the in-term or post-term covenants of this Section 14, even if such failure or refusal is based upon a claim that the laws of any particular jurisdiction excuse such non-compliance or make the provision of this Section 14 unenforceable in whole or in part, and provided that the jurisdiction in which the Franchised Restaurant is located permits, Franchisee hereby separately covenants and agrees that while this Agreement is in effect and for two (2) years after its transfer, expiration or termination, Franchisor shall have the right to require that all sales made in the operation of any business operated in violation of this Section 14 shall be reported to Franchisor and Franchisee agrees to pay Franchisor upon demand a weekly fee of Three Thousand Dollars ($3,000) at the times and in the manner specified in Section 5 of this Agreement without being deemed to revive, modify or expand this Agreement. The covenants of this Section 14 shall survive the termination or expiration of this Agreement.

14.5 Unenforceability of Covenants. The parties agree that the covenants contained in this Section 14 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 14 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any un-appealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed with the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated and made a part of this Section 14.

14.6 Injunctive Relief. Franchisee acknowledges that the foregoing restrictions are reasonable, are not vague or indefinite, and are designed to protect the legitimate business interests of Franchisor, and that in the event of a breach of covenants contained in this Section 14, the damage to Franchisor would be difficult to ascertain, and in addition to the damages payable to Franchisor under Section 14.4 provided for the breach of any or all of said covenants, Franchisor shall be entitled to seek injunctive and/or other equitable relief against the violation of any said covenants, together with reasonable attorneys' fees and costs without the requirement of posting a bond.

14.7 Enforceability. Covenants contained in this Section 14 shall be construed as severable and independent and shall be interpreted and applied consistent with the requirements of reasonableness and equity. Any judicial reformation of these covenants consistent with this interpretation shall be enforceable as though contained herein and shall not affect any other provisions or terms of this Agreement. If Franchisee or any other person bound by this Section 14 fails or refuses to abide by any of the foregoing restrictions on competition, and Franchisor obtains enforcement in a judicial proceeding, the obligations under the breached restriction will continue in effect for a period ending two (2) years after the date the person begins to comply with the order enforcing the restriction.

15. MODIFICATION OF THE SYSTEM

15.1 System Modifications.

15.1.1 Franchisee understands and agrees that the System must not remain static if it is to meet, without limitation, presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends, other market place variables and the needs of customers, and to best serve the interests of Franchisor, Franchisee and all other franchisees. Accordingly,

Franchisee expressly understands and agrees that Franchisor may, in its sole discretion, from time to time change the components of the System, including, but not limited to, altering the products, recipes, menu items, programs, services, methods, standards, forms, policies and procedures of that System; adding to, deleting from or modifying those programs and services which the Franchised Restaurant is authorized to offer; modifying or substituting entirely the building, premises, equipment, signage, trade dress, décor, color schemes and uniform specifications and all other unit construction, design, appearance and operation attributes which Franchisee is required to observe hereunder; and changing, improving or modifying the Marks. Franchisee shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed and Franchisee will make such expenditures as the changes or modifications in the System may reasonably require.

15.1.2 Except as provided herein, Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications contemplated hereby. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. Finally, Franchisee expressly waives any claims, demands or damages arising from or related to the foregoing activities including any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

15.2 Variations from System Standards. Franchisor has the right, in its sole discretion, to waive, defer or permit variations from the standards of the System or the applicable agreement to any franchisee or prospective franchisee based on the peculiarities of a particular site, existing building configuration or circumstance, density of population, business potential, trade area population or any other condition or circumstance. Franchisor shall have the right, in its sole discretion, to deny any such request Franchisor believes would not be in the best interests of the System.

16. FRANCHISEE'S ORGANIZATION AND MANAGEMENT

16.1 Franchisee's Organization

16.1.1 If Franchisee is an Entity, Franchisee makes the following representations and warranties: (1) Franchisee is duly organized and validly existing under the laws of the state of its formation; (2) Franchisee is qualified to do business in the state in which the Franchised Restaurant is located; (3) execution of this Agreement and the development and operation of the Franchised Restaurant is permitted by Franchisee's governing documents; and (4) unless waived in writing by Franchisor, Franchisee's articles of incorporation, articles of organization or written partnership agreement shall at all times provide that Franchisee's activities are limited exclusively to the development and operation of Matchbox restaurants.

16.1.2 If Franchisee is an individual, or a partnership comprised solely of individuals, Franchisee makes the following additional representations and warranties: (1) each individual has executed this Agreement; (2) each individual shall be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement; and (3) notwithstanding any transfer to a business entity, each individual shall continue to be jointly and severally bound by, and personally liable for the timely and complete performance and breach of, each and every provision of this Agreement.

16.2 Ownership Interests. All interests in Franchisee are owned as set forth in attached Exhibit A. Franchisee must comply with Section 20 prior to any change in ownership interests and must sign addenda to Exhibit A as changes occur in order to ensure the information contained in Exhibit A is true, accurate and complete at all times.

16.3 Governing Documents. Upon request by Franchisor, Franchisee shall promptly deliver to Franchisor, as applicable, true and complete copies of the articles or certificate of incorporation, partnership agreement, bylaws, subscription agreements, buy-sell agreements, voting trust agreements and all other documents relating to Franchisee's ownership, organization, capitalization, management and control and all amendments thereto. When any of these governing documents are modified or changed, Franchisee promptly shall provide copies to Franchisor. If Franchisee is a corporation, Franchisee shall maintain stop-transfer instructions against the transfer on the records of any voting securities, and each stock certificate of the corporation shall have conspicuously endorsed upon its face the following statement: "Any assignment or transfer of this stock is subject to the restrictions imposed on assignment by the Matchbox Restaurant Franchise Agreement(s) to which the corporation is a party." If Franchisee is a limited liability company, each membership or management certificate shall have conspicuously endorsed upon its face the following statement: "Any assignment or transfer of an interest in this limited liability company is subject to the restrictions imposed on assignment by the Matchbox Restaurant Franchise Agreement(s) to which the limited liability company is a party." If Franchisee is a partnership, Franchisee's written partnership agreement shall provide that ownership of an interest in the partnership is held, and that further assignment or transfer thereof, is subject to all restrictions imposed on assignment by this Agreement.

16.4 Personal Guarantees

16.4.1 Each of Franchisee's owners, and each of their spouses, if applicable, shall jointly and severally personally guarantee Franchisee's payment and performance under this Agreement and personally bind themselves to the terms of this Agreement pursuant to the Guarantee, Indemnification and Acknowledgement attached as Exhibit B ("**Guarantee**"). Unless Franchisee is a publicly-held entity, all of Franchisee's officers, directors, limited liability company managers and their spouses, if applicable, also shall jointly and severally guarantee Franchisee's payment and performance under this Agreement and bind themselves to the terms of this Agreement pursuant to the attached Guarantee. Notwithstanding the foregoing, Franchisor reserves the right, in its sole discretion, to waive the requirement that some or all of the previously described individuals sign the attached Guarantee. Franchisor also reserves the right to require any guarantor to provide personal financial statements to Franchisor from time to time.

16.4.2 With respect to Franchisee's owners, Franchisee acknowledge that, unless otherwise agreed to in writing by Franchisor, it is Franchisor's intent to have individuals (and not Entities) sign the Guarantee. Accordingly, if any owner is not an individual, Franchisor shall have the right to require individuals who have only an indirect ownership interest in Franchisee to sign the Guarantee. (By way of example, if an owner is a corporation, Franchisor has the right to require individuals who have an ownership interest in that corporation to sign the Guarantee.)

16.5 Operating Principal. When Franchisee signs this Agreement, Franchisee must designate a holder of a legal or beneficial interest of ten percent (10%) or more in Franchisee as its Operating Principal who will be the person with whom Franchisor communicates and whom will have the authority to bind Franchisee with respect to all financial, operational and legal matters related to the Franchised Restaurant and this Agreement. The Operating Principal may also serve as the general manager of the Franchised Restaurant. The Operating Principal must successfully complete Franchisor's initial training program and any additional training that Franchisor requires. Franchisor must have approved the Operating Principal and not have later withdrawn that approval. The Operating Principal shall devote full time and best efforts to supervising the operation of the Franchised Restaurant and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitments or otherwise may conflict with Franchisee's obligations under this Agreement. Franchisee must designate a replacement approved by Franchisor within thirty (30) days after the Operating Principal ceases to serve in that capacity.

16.6 Designation of Multi-Unit Operator. If Franchisee and its affiliates operate more than one (1) Matchbox restaurant, Franchisee will designate an individual as its Multi-Unit Operator. Franchisee's Operating Principal may serve as its Multi-Unit Operator. The Multi-Unit Operator must have at least five (5) years of multi-unit restaurant management experience including profit and loss responsibility, and must be experienced in all aspects of restaurant operations including hiring, scheduling, purchasing, training, employee productivity and supervision, guest relations, compliance with federal, state and local laws, financial accounting, cost controls, operational criteria described in the Manuals. The Multi-Unit Operator must successfully complete Franchisor's initial training program and any additional training that Franchisor requires. Franchisor must have approved the Multi-Unit Operator and not have later withdrawn that approval. The Multi-Unit Operator will, during the entire period he or she serves as the Multi-Unit Operator, devote his or her full time and best efforts to the development, supervision, conduct and operations of Franchisee's Matchbox restaurants. Franchisee must designate a replacement approved by Franchisor within thirty (30) days after the Multi-Unit Operator ceases to serve in that capacity.

17. TERMINATION

17.1 Termination without Notice. Franchisee will be deemed to be in default under this Agreement, and all rights granted to Franchisee in this Agreement will automatically terminate without notice to Franchisee, if Franchisee becomes insolvent or makes a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Franchisee or is filed against Franchisee and not opposed by Franchisee; if Franchisee is adjudicated as bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law are instituted by or against Franchisee; if a final judgment against Franchisee remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); if Franchisee is dissolved; if execution is levied against Franchisee's business or property; if suit to foreclose any lien or mortgage against the premises or equipment of the Franchised Restaurant is instituted against Franchisee and not dismissed within thirty (30) days; or if the real or personal property of the Franchised Restaurant is sold after levy thereupon by any sheriff, marshal, or constable.

17.2 Termination without Cure Period. If any of the following events of default occurs, Franchisor may terminate this Agreement without providing Franchisee any opportunity to cure the default, effective immediately upon receipt of written notice by Franchisee:

17.2.1 Franchisee ceases to operate the Franchised Restaurant during the days and hours specified in the Manuals for a period in excess of three (3) consecutive business days or for five (5) individual business days within a twelve (12) month period, unless the closing is due to fire, flood, earthquake or other similar causes beyond Franchisee's control or is approved in writing in advance by Franchisor.

17.2.2 Franchisor makes a reasonable determination that continued operation of the Franchised Restaurant by Franchisee will result in an imminent danger to public health or safety.

17.2.3 Franchisee loses possession of the premises of the Franchised Restaurant through its own fault or its failure to extend the lease for the premises through the Initial Term or Franchisee relocates the premises without Franchisor's prior written approval.

17.2.4 Franchisee or its owners, employees or independent contractors do business with third parties in violation of The Patriot Act and/or the Foreign Corrupt Practices Act.

17.2.5 Franchisee default on the terms of any indebtedness that results in the acceleration of the indebtedness with an outstanding principal amount of One Hundred Thousand Dollars ($100,000) or more; there is a material loss or damage to any of the assets related to the Franchised Restaurant that results in an aggregate loss (in excess of coverage) of One Hundred Thousand Dollars ($100,000) or more; or there is an entry of a judgment against Franchisee involving aggregate liability (in excess of insurance coverage) of One Hundred Thousand Dollars ($100,000) or more if such judgment remains unpaid or unsatisfied for a period of ten (10) or more days following entry of the judgment.

17.2.6 Franchisee, Franchisee's Operating Principal or Multi-Unit Operator, or any owner of Franchisee with at least twenty-five (25%) percent of any class of equity interest of Franchisee, is convicted of, or pleads no contest to, any felony charge, a crime involving moral turpitude, or any other crime or offense which in the opinion of Franchisor would adversely affect Franchisor, its affiliates, or the System.

17.2.7 Franchisee engages in any conduct or practice that, in the sole discretion of Franchisor, is detrimental or harmful to the good name, goodwill or reputation of Franchisor, the System, the Marks, or the public.

17.2.8 Franchisee engages in any conduct or practice that is a fraud upon consumers, or is an unfair, unethical, or deceptive trade, act or practice.

17.2.9 Franchisor discovers that Franchisee made a material misrepresentation or omitted a material fact in the information that was furnished to Franchisor in connection with its decision to enter into this Agreement.

17.2.10 A final judgment or the un-appealed decision of a court, regulatory officer, agency, or quasi-regulatory agency that results in the temporary or permanent suspensions or revocation of any permits or licenses, possession of which is a prerequisite to the operation of the Franchised Restaurant or is required under applicable law.

17.2.11 There is a material breach by Franchisee of any obligation under Section 14 (Covenants Not to Compete) of this Agreement.

17.2.12 Franchisee knowingly falsifies any report required to be furnished Franchisor or makes any material misrepresentation in its dealings with Franchisor or fails to disclose any material facts to Franchisor.

17.2.13 Any transfer that requires Franchisor's prior written consent occurs without Franchisee having obtained that prior written consent.

17.2.14 Franchisee has received two (2) or more notices of default of this Agreement within a twelve (12) month period and/or if Franchise has committed two (2) or more health code violations within any twelve (12) month period.

17.2.15 Franchisee understates the Gross Sales of the Franchised Restaurant for any period by two percent (2%) or more three (3) or more times during any eighteen (18) month period, or by more than five percent (5%) on any one occasion.

17.2.16 Franchisee repeatedly fails to comply with one or more requirements of this Agreement, regardless of whether Franchisee has previously cured the default.

17.2.17 Franchisee or an affiliate: (1) remains in default beyond the applicable cure period under any other agreement with Franchisor or its affiliates (provided that, if the default is not by Franchisee, Franchisor shall provide to Franchisee written notice of the default and a fifteen (15) day period to cure the default); (2) remains in default beyond the applicable cure period under any real estate lease, equipment lease, financing instrument or supplier contract relating to the Franchised Restaurant; (3) fails to pay when due any taxes or assessments relating to the Franchised Restaurant or its employees, unless Franchisee is actively prosecuting or defending the claim or suit in a court of competent jurisdiction or by appropriate government administrative procedure or by arbitration or mediation conducted by a recognized alternative dispute resolution organization.

17.3 Termination Following Expiration of Cure Period.

17.3.1 Except as otherwise provided in Sections 17.1 and 17.2 above, if Franchisee fails to maintain or observe any of the standards or procedures prescribed by Franchisor in this Agreement, the Manuals, or otherwise in writing, Franchisor may only terminate this Agreement by giving Franchisee written notice of termination stating the nature of the default at least thirty (30) days before the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to Franchisor's satisfaction, and by promptly providing proof of the cure to Franchisor, all within the thirty (30) day period. If any such default is not cured within the specified time (or such longer period as applicable law may require), then this Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require. Notwithstanding the foregoing, if Franchisee defaults in the payment of any monies owed to Franchisor when such monies become due and payable and Franchisee fails to pay such monies within five (5) days after receiving written notice of default (or such longer period as applicable law may require), then this Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the five (5) day period or such longer period as applicable law may require. Events of defaults include, but are not limited to the following:

17.3.2 Failure by Franchisee to make complete and timely payment of any and all fees and billings due Franchisor or any of its affiliates;

17.3.3 Failure to comply with the reporting or record keeping requirements of this Agreement;

17.3.4 A breach by Franchisee of any provision of this Agreement, any material provision of the Manuals, or any other agreement between Franchisor and Franchisee or any of its affiliates;

17.3.5 Any pledge or attempted pledge of Franchisor's credit by Franchisee, or an attempt by Franchisee to bind Franchisor to any obligation;

17.3.6 Failure by Franchisee to participate in the advertising, promotional, or marketing activities, services, and programs that are established by Franchisor or the Marketing Fund;

17.3.7 Unauthorized or improper use by Franchisee of the Marks;

17.3.8 Failure to use or sell any of the proprietary food items to the exclusion of those of any competitors and the failure to perform all of the services required by Franchisor, including but not limited to the forwarding of copies of all health or sanitation or other regulatory agency reports to Franchisor immediately upon receipt thereof;

17.3.9 Failure to open the Franchised Restaurant at premises approved by Franchisor within the time specified this Agreement;

17.3.10 Except as otherwise provided herein, failure by Franchisee to purchase its entire requirement of any items from sources of supply designated by Franchisor and to sell the same to the consuming public using its best efforts;

17.3.11 Failure to correct any local, state or municipal health or sanitation law or code violation within twenty-four (24) hours after being cited for such violation, except if Franchisee cannot effect a cure within said time frame, but has, in good faith, initiated a cure of such violations; and

17.3.12 Sale of food items to other than the retail customer (ultimate consumer), without Franchisor's prior consent.

17.4 Other Remedies. If any events occur which give Franchisor the right to terminate this Agreement, Franchisor may, at its sole election and upon delivery of written notice to Franchisee, take any or all of the following actions without terminating this Agreement:

17.4.1 temporarily or permanently reduce the size of the Protected Territory or temporarily or permanently suspend Franchisee's protected rights within the Protected Territory;

17.4.2 temporarily remove information concerning the Franchised Restaurant from the System website and/or stop Franchisee's or the Franchised Restaurant's participation in any other programs or benefits offered on or through any of Franchisor's marketing efforts;

17.4.3 suspend Franchisee's right to participate in one or more programs or benefits that the Marketing Fund provides;

17.4.4 suspend any other services that Franchisor or Franchisor's affiliate provides to Franchisee under this Agreement or any other agreement;

17.4.5 suspend or terminate any temporary or permanent fee reductions to which Franchisor and Franchisee might have agreed (whether as a policy, in an amendment to this Agreement, or otherwise);

17.4.6 suspend Franchisor's performance of, or compliance with, any of Franchisor's obligations to Franchisee under this Agreement or other agreements;

17.4.7 undertake or perform on Franchisee's behalf any obligation or duty that Franchisee is required to, but fail to, perform under this Agreement, in which case Franchisee will reimburse Franchisor upon demand for all costs and expenses that Franchisor reasonably incurs in performing any such obligation or duty; and/or

17.4.8 enter the Franchised Restaurant's premises and assume the management of the Franchised Restaurant or appoint a third party (who may be Franchisor's affiliate) to manage the Franchised Restaurant. All funds from the operation of the Franchised Restaurant while Franchisor or Franchisor's appointee assumes its management will be kept in a separate account, and all of the expenses of the Franchised Restaurant will be charged to that account. Franchisor or Franchisor's appointee may charge Franchisee (in addition to the amounts due under this Agreement) a management fee equal to seven percent (7%) of the Franchised Restaurant's Gross Sales during the period of management, plus any direct out-of-pocket costs and expenses. Franchisor or Franchisor's appointee has a duty to utilize only reasonable

efforts and will not be liable to Franchisee for any debts, losses, or obligations the Franchised Restaurant incurs, or to any of Franchisee's creditors for any products or services the Franchised Restaurant purchases, while managing it. Franchisee shall not take any action or fail to take any action that would interfere with Franchisor or Franchisor's appointee's exclusive right to manage the Franchised Restaurant and may, in Franchisor's sole discretion, be prohibited from visiting the Franchised Restaurant so as to not interfere with its operations. Franchisor's (or Franchisor's appointee's) management of the Franchised Restaurant will continue for intervals lasting up to ninety (90) days each (and, in any event, for no more than a total of one (1) year), and Franchisor will during each interval periodically evaluate whether Franchisee is capable of resuming the Franchised Restaurant's operation and periodically discuss the Franchised Restaurant's status with Franchisee.

17.4.9 Franchisor's exercise of its rights under this Section 17.4. will not: (1) be a defense for Franchisee to Franchisor's enforcement of any other provision of this Agreement or waive or release Franchisee from any of Franchisee's other obligations under this Agreement; (2) constitute an actual or constructive termination of this Agreement; or (3) be Franchisor's sole or exclusive remedy for Franchisee's default. Franchisee must continue to pay all fees and otherwise comply with all of Franchisee's obligations under this Agreement (except as set forth in Section 17.4.8 with respect to Franchisor's assumption of management) following Franchisor's exercise of any of these rights. If Franchisor exercises any of Franchisor's rights under this Section 17.4, Franchisor may thereafter terminate this Agreement without providing Franchisee any additional corrective or cure period, unless the default giving rise to Franchisor's right to terminate this Agreement has been cured to Franchisor's reasonable satisfaction.

17.5 Description of Default. The description of any default in any notice that Franchisor transmits to Franchisee will in no way preclude Franchisor from specifying additional or supplemental defaults under this Agreement or any related agreements in any action, proceeding, hearing or lawsuit relating to this Agreement or the termination of this Agreement.

17.6 Continuance of Business Relations. Any continuance of business relations between Franchisee and Franchisor after the termination or expiration of this Agreement will not constitute, and may not be construed as, a reinstatement, renewal, extension or continuation of this Agreement unless Franchisee and Franchisor agree in writing to any such renewal, extension or continuation.

17.7 Notice Required by Law. If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement or the parties to this Agreement limits Franchisor's rights to terminate this Agreement or requires longer notice or cure periods than those set forth above, then this Agreement will be considered modified to conform to the minimum notice, cure periods or restrictions upon termination required by such laws and regulations. Franchisor will not, however, be precluded from contesting the validity, enforceability or application of the laws or regulations in any action, proceeding, hearing or dispute relating to this Agreement or the termination of this Agreement.

17.8 Franchisor's Right to Send Notifications of Termination. Before or on the expiration or termination of this Agreement, Franchisor may give notice that the Franchised Restaurant is leaving the System and take any other action related to customers, suppliers and all other individuals or entities affected by such expiration or termination or which require or desire an identification of Matchbox restaurant locations.

18. OBLIGATIONS UPON EXPIRATION OR TERMINATION

18.1 Obligations. Except as provided in Section 18.2 below, upon termination or expiration of this Agreement:

18.1.1 Franchisee shall no longer be an authorized franchisee and Franchisee shall pay all sums owing to Franchisor and its affiliates within fifteen (15) days of the termination or expiration. In the event of termination for Franchisee's default, the sums will include all damages, costs, and expenses incurred by Franchisor as a result of the default, including reasonable attorneys' fees. Franchisee must permit Franchisor's access to, and examination of, Franchisee's books and records as provided in Section 10.4 to determine any amounts due;

18.1.2 Franchisee shall discontinue the use of all Marks owned by or associated with Franchisor and all similar names and marks, or any other designation or mark associating Franchisee with the System.

18.1.3 If Franchisee is a business entity and, notwithstanding the prohibition of doing so, has used "Matchbox", the Marks, names, or designations that associate Franchisee with the Marks and the System in its entity name, Franchisee shall, within fifteen (15) days of the termination or expiration of this Agreement, take all necessary steps to eliminate "Matchbox" or such Marks, names, or designations from its entity name, at its own cost and expense;

18.1.4 Franchisee must take such action as may be necessary to cancel any assumed name registration or equivalent registration, and any e-mail address or domain name registration, obtained by Franchisee which contains the word Matchbox or any other Marks, names, or designations that associate Franchisee with the Marks and the System, and furnish evidence satisfactory to Franchisor of compliance with this obligation within fifteen (15) days after the termination or expiration of this Agreement. Franchisee hereby appoints Franchisor as its attorney in fact to carry out the requirements of this Section 18.1.4, if Franchisee fails to do so within such fifteen (15) day period;

18.1.5 Franchisee shall cease displaying and using all signs, stationery, letterheads, forms, manuals, printed matter, advertising, and other material containing the Marks or any other names, marks, or designations that associate Franchisee with the System;

18.1.6 Franchisee shall refrain from taking any action indicating or implying that it is an authorized franchisee;

18.1.7 Franchisee shall maintain all financial records and reports required pursuant to this Agreement or the Manuals for a period of not less than three (3) years after the date of the termination or expiration of this Agreement. Franchisee shall permit Franchisor to make final inspection of Franchisee's financial records, books, tax returns, and other accounting records within this time period;

18.1.8 Within fifteen (15) days of the termination or expiration, Franchisee shall transfer or make available to Franchisor all Franchised Restaurant data (including but not limited to sales, labor, cost of goods, marketing, and all other business data) from any server or computer used in connection with the Franchised Restaurant;

18.1.9 Franchisee shall, pursuant to the lease or conditional lease assignment and upon demand of Franchisor, vacate and surrender the Franchised Restaurant premises in accordance with the terms and conditions under the terms of the lease, and/or conditional lease assignment;

18.1.10 Franchisee shall cease all use of telephone numbers used by Franchisee while operating the Franchised Restaurant and shall promptly execute such documents or take such steps necessary to remove the Franchised Restaurant from all telephone, internet, trade or other business directories;

18.1.11 Unless Franchisor exercises its rights to purchase the assets of the Franchised Restaurant and assume the lease for or acquire the premises of the Franchised Restaurant under Section 18.2, Franchisee must promptly make such alterations and modifications to the Franchised Restaurant premises as may be necessary to clearly distinguish to the public the premises from its former appearance as a Matchbox restaurant and also make those specific additional changes as Franchisor may request for that purpose. If Franchisee fails to promptly make these alterations and modifications, Franchisor will have the right (at Franchisee's expense, to be paid upon Franchisee's receipt of an invoice from us) to do so without being guilty of trespass or other tort; and

18.1.12 Within fifteen (15) days from the date of the termination or expiration, Franchisee shall immediately turn over to Franchisor all manuals, including the Manuals, records, files, instructions, recipes, correspondence, any and all materials relating to the operation of the Franchised Restaurant in Franchisee's possession, and all copies of such written materials, including electronic copies (all of which are acknowledged to be Franchisor's property), and shall retain no copy or record of any of the foregoing, except only Franchisee's copy of this Agreement and of any correspondence between the parties, and any other documents which Franchisee reasonably needs for compliance with any provision of law and the records described in Section 18.1.7 of this Agreement.

18.2 Franchisor's Rights to Acquire the Premises and the Franchised Restaurant Assets. Upon expiration or termination of this Agreement, at Franchisor's option Franchisee must:

18.2.1 Assign to Franchisor its interest in the lease for the premises of the Franchised Restaurant or, if Franchisee owns the premises, lease the premises to Franchisor pursuant to the terms of Franchisor's standard lease, for a term of five (5) years with two successive five (5) year renewal options at fair market rental during the term of the lease. If Franchisor elects not to exercise its option to acquire the lease or sublease for the premises, Franchisee must make such modifications or alterations to the premises as may be necessary to comply with Section 18.1.11 of this Agreement.

18.2.2 Sell to Franchisor such of the furnishings, equipment, signs, and fixtures of the Franchised Restaurant as Franchisor may designate, at fair market value, and such of the inventory and supplies of the Franchised Restaurant as Franchisor may designate, at fair market wholesale value. If the parties cannot agree on the price of any such items within a reasonable time, an independent appraiser will be appointed by Franchisor at its expense, and the appraiser's determination will be binding on both parties. If Franchisor exercises its option to purchase any items, Franchisor will have the right to set off all amounts due from Franchisee against any payment for such items.

18.2.3 Franchisor may exercise either or both of its options under Sections 18.2.1 and 18.2.2: (1) anytime during the six (6) month period before the expiration of the term of this Agreement, in the case of expiration of this Agreement; and (2) at any time between the date of delivery of written notice of termination and ninety (90) days after the effective date of termination, in the case of termination of this Agreement. If Franchisor deems such action desirable in order to preserve the value of such options, Franchisor may issue to Franchisee, and Franchisee must comply with, written instructions to refrain from, delay, or reverse any of the actions required of Franchisee under Section 18.1.

18.3 Liquidated Damages.

18.3.1 If Franchisor terminates this Agreement prior to its expiration, within thirty (30) days following such termination, Franchisee must pay Franchisor liquidated damages equal to the average value of the Royalty Fees that Franchisee owed to Franchisor during the fifty-two (52) weeks before the termination (or, if the Franchised Restaurant was open for less than fifty-two (52) weeks, the average Royalty Fees owed by Franchisee for the number of weeks that the Franchised Restaurant was in operation)

multiplied by the lesser of: (1) one hundred and four (104) weeks; or (2) the number of weeks (including any partial week) remaining in the term of this Agreement. The parties acknowledge and agree that it would be impracticable to determine precisely the damages Franchisor would incur from this Agreement's termination and the loss of cash flow from Royalty Fees due to, among other things, the complications of determining what costs, if any, Franchisor might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's remaining term. The parties consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

18.3.2 The liquidated damages provision only covers Franchisor's damages from the loss of cash flow from the Royalty Fees. It does not cover any other damages, including damages to Franchisor's reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee section. Franchisee and each of its owners agree that the liquidated damages provision does not give Franchisor an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fee section.

19. TRANSFERS BY FRANCHISOR

Franchisor shall have the right, without the need for Franchisee's consent, to assign, transfer or sell its rights under this Agreement to any person or Entity provided that the transferee agrees in writing to assume all obligations undertaken by Franchisor herein and Franchisee receives a statement from both Franchisor and its transferee to that effect. Upon such assignment and assumption, Franchisor shall be under no further obligation hereunder, except for accrued liabilities, if any. Franchisee further agrees and affirms that Franchisor may go public; may engage in a private placement of some or all of its securities; may merge, acquire other Entities, or be acquired by another Entity; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising therefrom.

20. TRANSFERS BY FRANCHISEE

20.1 No Transfer Without Franchisor's Consent. Franchisee understands and acknowledges that the rights and duties created by this Agreement are personal to Franchisee (or to Franchisee's owners or partners if Franchisee is a business entity), therefore neither this Agreement, the Franchised Restaurant, nor the franchise granted hereby shall be sold, assigned, or transferred by Franchisee, nor may the same be mortgaged, pledged or encumbered by Franchisee without the express prior written consent of Franchisor, and any purported sale, assignment, transfer, mortgage, pledge or encumbrance thereof ("**Transfer**") without the prior written consent of Franchisor, shall be null and void. The issuance or transfer of any stock (including by way of any public stock offering), membership interest(s) or partnership interest(s) in Franchisee, or its merger, a consolidation or dissolution, if Franchisee is a business entity, shall be deemed a Transfer of this Agreement and of the franchise granted herein.

20.2 Transfer to a Wholly Owned Business Entity. If Franchisee desires to Transfer this Agreement to a corporation or limited liability company wholly owned by Franchisee, where the ownership and management of the Franchised Restaurant will not change, the requirements of Section 20.4 below shall apply to such a Transfer; however, Franchisee will not be required to pay a Transfer Fee (as defined in Section 20.4.9 below). Franchisor's consent also will be conditioned on the following: (1) the entity must be newly organized; (2) prior to the Transfer, Franchisor must receive a copy of the documents specified in Section 16.3 and the transferee shall comply with the remaining provisions of Section 16; and (3) Franchisee must own all voting securities of the newly formed corporation (or membership interests of the newly formed limited liability company) or, if Franchisee is owned by more than one individual, each

person shall have the same proportionate ownership interest in the corporation (or the limited liability company) as prior to the Transfer.

20.3 Franchisor's Right of First Refusal. In the event Franchisee, any stockholder, member or partner of a corporate, limited liability company or partnership Franchisee, or any legal heir or legatee of any deceased Franchisee, or of any deceased stockholder, member or partner of any corporate, limited liability company or partnership Franchisee, desires to effect any Transfer, Franchisee or such other authorized person or party shall give Franchisor written notice of all of the terms of any such bona fide offer within fifteen (15) days after receipt of such offer, including providing Franchisor with all other documents and data required prior to Franchisor approving the Transfer. Franchisor shall have the right of first refusal, for a period of thirty (30) days after receipt of such notice, to notify Franchisee or such other person or party of Franchisor's desire to exercise such option under the same terms and conditions as the aforesaid bona fide offer. If Franchisor fails to exercise such option in the time period allotted, then Franchisee shall be free to contract with the person who made such bona fide offer solely on the same terms and conditions thereof, subject, of course, to Franchisee's compliance with all of the other terms and provisions of this Agreement including this Section 20. In the event the terms of such bona fide offer change, then Franchisee shall be obligated to re-offer the right of first refusal to Franchisor for an additional thirty (30) day period.

20.4 Conditions to Transfer. In addition to all of the other conditions stated in Sections 20.1, 20.2 and 20.3 of this Agreement, Franchisee hereby agrees that any and all rights of Transfer by Franchisee of this franchise and the rights herein are conditioned upon compliance with each of the following:

20.4.1 Franchisee shall provide written notice to Franchisor of the proposed Transfer at least forty-five (45) days prior to the closing on the transaction;

20.4.2 Any such Transfer shall be subject to the approval by Franchisor of such transferee and of the moral and credit background of such transferee and any and all owners thereof, which approval shall not be unreasonably withheld;

20.4.3 The transferee, and all owners thereof if the transferee is an Entity, shall at Franchisor's option either personally assume in writing all of the obligations of Franchisee, past disclosed or undisclosed and under this Agreement, or execute Franchisor's then-current form of Franchise Agreement;

20.4.4 Franchisee, such transferee and any and all owners thereof shall execute a general release in favor of Franchisor, its affiliates, owners officers, directors, and employees of any and all claims and causes of action that they may have against Franchisor or its affiliates in any way relating to this Agreement or the performance or non-performance thereof by Franchisor;

20.4.5 All prior obligations and debts of Franchisee or assignee of Franchisee owed to Franchisor under or in connection with this Agreement shall be paid concurrently with such assignment;

20.4.6 Franchisee must not be in default under this Agreement or of any lease agreement to which Franchisee is a party;

20.4.7 The transferee shall not be in the same business as Franchisor either as a franchisor, licensor, independent operator or franchisee of any chain or network which is similar in nature or in competition with Franchisor except that the transferee may be an existing franchisee of Franchisor;

20.4.8 Prior to the effective date of the Transfer, the transferee must satisfactorily complete Franchisor's training program required of all new franchisees. Franchisor reserves the right to charge the transferee its per-diem training fee to cover the costs to provide the initial training program to the transferee. The transferee and will also be responsible for the salaries and benefits, travel expenses and other expenses incurred by all personnel attending the initial training program on their behalf;

20.4.9 Franchisee shall, prior to any such Transfer, pay to Franchisor a non-refundable transfer fee equal to Fifteen Thousand Dollars ($15,000) ("**Transfer Fee**") to reimburse Franchisor for its legal and accounting fees, credit investigation, training expenses, and other charges and expenses in connection with such Transfer. Franchisee shall pay the Transfer Fee in two (2) installments. The first installment in the amount of Five Thousand Dollars ($5,000) is due with Franchisee's request for approval of the Transfer, which shall be non-refundable even if Franchisor denies the assignment, transfer or sale. Franchisee shall pay the second installment in the amount of Ten Thousand Dollars ($10,000) upon closing on the transaction; and

20.4.10 Franchisee shall enter into an agreement with Franchisor agreeing to subordinate such transferee's obligations to Franchisor, including any Royalty Fees and Marketing Fund Contributions, and any obligations of such transferee to make installment payments of the purchase price to Franchisee.

20.5 No Waiver of Claims. Franchisor's consent to a Transfer shall not constitute a waiver of any claims it may have against the transferor, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms or conditions of this Agreement by the transferee.

20.6 Public Offering.

20.6.1 In the event Franchisee shall, subject to the restrictions and conditions of transfer contained in this Section 20, attempt to raise or secure funds by the sale of securities (including common or preferred stock, bonds, debentures or general or limited partnership interests) in Franchisee or any affiliates of Franchisee, Franchisee, recognizing that the written information used with respect thereto may reflect upon Franchisor, agrees to submit any such written information to Franchisor prior to its inclusion in any registration statement, prospectus or similar disclosure document or memorandum and to obtain the written consent of Franchisor to the method of financing prior to any offering or sale of such securities. For each proposed offering, Franchisee shall pay Franchisor a non-refundable fee in an amount equal to Franchisor's actual costs to reimburse Franchisor for its costs and expenses associated with reviewing the proposed offering, including legal and accounting fees. The written consent of Franchisor pursuant to this Section 20.6 shall not imply or constitute the approval of Franchisor with respect to the method of financing, the offering literature submitted to Franchisor or any other aspect of the offering. No information respecting Franchisor or any of its affiliates shall be included in any securities disclosure document, unless such information has been furnished by Franchisor, in writing, pursuant to the written request of Franchisee, in which Franchisee states the specific purpose for which the information is to be used. Should Franchisor, in its sole discretion, object to any reference to Franchisor or any of its affiliates or any of their businesses in such offering literature or prospectus, such literature or prospectus shall not be used unless and until the objections of Franchisor are withdrawn. Franchisor assumes no responsibility for the offering whatsoever. The prospectus or other literature utilized in any such offering shall contain the following language in bold-face type on the first textual page thereof:

> **"NEITHER TH MATCHBOX FRANCHISING LLC NOR ANY OF ITS AFFILIATES ASSUMES ANY RESPONSIBILITY WITH RESPECT TO THIS OFFERING AND/OR THE ADEQUACY OR ACCURACY OF THE INFORMATION PRESENTED HEREIN, INCLUDING ANY STATEMENTS MADE WITH RESPECT TO**

ANY OF THEM. NEITHER TH MATCHBOX FRANCHISING LLC NOR ANY OF ITS AFFILIATES ENDORSES OR MAKES ANY RECOMMENDATION WITH RESPECT TO THE INVESTMENT CONTEMPLATED BY THIS OFFERING."

20.6.2 Franchisee and each of its owners agrees to indemnify, defend and hold harmless Franchisor and its affiliates, and their respective officers, directors, employees and agents, from any and all claims, demands, liabilities, and all costs and expenses (including reasonable attorneys' fees) incurred in the defense of such claims, demands or liabilities, arising from the offer or sale of such securities, whether asserted by a purchaser of any such security or by a governmental agency. Franchisor shall have the right (but not the obligation) to defend any such claims, demands or liabilities and/or to participate in the defense of any action to which Franchisor or any of its affiliates or any of their respective officers, directors, employees or agents is named as a party.

20.7 Acknowledgment of Restrictions. Franchisee and Owners acknowledge and agree that the restrictions on Transfer imposed in this Agreement are reasonable and necessary to protect the System and the Marks, as well as the reputation and image of Franchisor, and are for the protection of Franchisor, Franchisee and all other franchisees who own and operate Matchbox restaurants. Any Transfer permitted by this Agreement will not be effective until Franchisor receives a completely executed copy of all Transfer documents and Franchisor consents to the Transfer in writing.

21. DEATH OR INCAPACITY OF FRANCHISEE

21.1 Transfer Upon Death or Incapacity. In the event of the death or permanent incapacity or disability of Franchisee's Operating Principal or any owner of fifty percent (50%) or more of the equity interest of Franchisee, Franchisee may request Franchisor's consent to a transfer of said ownership interest to the owner's heirs, beneficiaries or family designees, (hereinafter referred to in this Section 21 as "**transferee**") without payment of a Transfer Fee, subject to the following conditions:

21.1.1 The transferee must complete, and be approved through, Franchisor's standard franchise selection process including satisfactorily demonstrating to Franchisor that the transferee meets the financial character and managerial criteria as Franchisor shall then be applying in considering applications for new franchisees;

21.1.2 The transferee shall agree, in writing, to personally assume liability for and to perform all the terms and conditions of this Agreement to the same extent as Franchisee; and

21.1.3 If the transferee is not approved, Franchisee or its legal representative shall use best efforts to sell the Franchised Restaurant to a party acceptable to Franchisor within twelve (12) months from the date of the owner's death or permanent incapacity or disability and Franchisor shall have the option, but not the obligation, to operate and/or manage the Franchised Restaurant for the account of Franchisee's estate until the deceased or incapacitated owner's interest is transferred to another party acceptable to Franchisor. Should Franchisor elect to operate and/or manage the Franchised Restaurant, Franchisor shall make a complete accounting and charge a reasonable management fee for its services. If the conveyance of the Franchised Restaurant to a party acceptable to Franchisor has not taken place within the twelve (12) month period, Franchisor shall have the option, but not the duty, to purchase the Franchised Restaurant and its assets therein at the fair market value thereof as determined by independent qualified appraisers selected by Franchisor and the estate. In the event that these appraisers cannot agree on a fair market value, a third appraiser shall be selected by the other two appraisers and his/her determination shall be binding on both parties. However, if Franchisor chooses not to purchase the Franchised Restaurant, then it may elect to terminate this Agreement.

21.2 Operation in the Event of Absence or Disability. In order to prevent any interruption of the Franchised Restaurant's operations which would cause harm to the Franchised Restaurant, thereby depreciating the value thereof, Franchisee authorizes Franchisor, who may, at its option, in the event that Franchisee is absent for any reason or is incapacitated by reason of illness and is unable, in the sole and reasonable judgment of Franchisor, to operate the Franchised Restaurant, for so long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies Franchisor may have under this Agreement. All monies from the operation of the Franchised Restaurant during such period of operation by Franchisor shall be kept in a separate account and the expenses of the Franchised Restaurant, including reasonable compensation and expenses for Franchisor's representative, shall be charged to said account. If, as herein provided, Franchisor temporarily operates the Franchised Restaurant for Franchisee, Franchisee agrees to indemnify and hold harmless Franchisor and any representative of Franchisor who may act hereunder, from any and all acts which Franchisor may perform, as regards the interests of Franchisee or third parties.

22. FORCE MAJEURE

Neither party shall be responsible to the other for non-performance or delay in performance occasioned by causes beyond its control, including, natural disasters, strikes, lock outs or other industrial disturbances, wars (declared or undeclared), riots, pandemics, epidemics, fire or other catastrophes, acts of any government or other third party and any other cause not within the control of the party affected thereby, or the inability of Franchisor to purchase, deliver and/or manufacture of any of the proprietary food items, provided that inability of a party to obtain funds shall be deemed to be a cause within the control of such party. If any such delay occurs, any applicable time period shall be automatically extended for a period equal to the time lost, provided that the party affected makes reasonable efforts to correct the reason for such delay and gives to the other party prompt notice of any such delay.

23. APPROVALS AND WAIVERS

23.1 Approvals. Whenever this Agreement requires Franchisor's prior approval or consent, Franchisee must make a timely written request to Franchisor, and Franchisor's approval or consent must be obtained in writing and signed by one of Franchisor's officers.

23.2 No Warranty. Franchisor makes no warranties or guarantees upon which Franchisee may rely and assumes no liability or obligation to Franchisee by providing any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

23.3 No Implied Waiver. No delay or failure by Franchisor to exercise any right reserved to Franchisor under this Agreement or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, will constitute a waiver of Franchisor's right to exercise such right or to demand exact compliance by Franchisee with any of the terms hereof. Waiver by Franchisor of any particular default by Franchisee will not affect or impair Franchisor's rights with respect to any subsequent default of the same, similar, or a different nature. Acceptance by Franchisor of any payments due to Franchisor hereunder will not be deemed to be a waiver by us of any preceding breach by Franchisee.

24. NOTICES

Any and all notices that are required or permitted under this Agreement shall be in writing and shall be personally delivered, mailed in the United States mail, postage prepaid, certified mail, return receipt requested; or mailed via overnight courier, or by other means that affords the sender evidence of delivery,

of rejected delivery, or attempted delivery to the respective parties at the addresses shown on the signature page of this Agreement (unless and until a different address has been designated by written notice to the other party). Any notices sent by personal delivery, next day delivery service or by electronic means shall be deemed given on the next business day after transmittal. Any notices sent by certified mail shall be deemed given on the third business day after the date of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days written notice of such change to the other party. Franchisor may provide Franchisee with routine information, invoices, updates to the Manuals, System standards and other System requirements and programs, including any modifications thereto, by regular mail or by e-mail, or by making such information available to Franchisee on the Internet, an extranet, or other electronic means.

25. ENFORCEMENT

25.1 Acceptance by Franchisor; Applicable Law. This Agreement takes effect upon its acceptance and execution by Franchisor, and any claim or controversy arising out of, or relating to, rights and obligations of the parties under this Agreement and any other claim or controversy between the parties shall be governed, interpreted and construed under the laws of the Commonwealth of Virginia, which laws shall prevail in the event of any conflict of law. Nothing in this Section 25.1 is intended, or shall be deemed, to make any Virginia law regulating the offer or sale of franchises or the franchise relationship applicable to this Agreement if such law would not otherwise be applicable.

25.2 Choice of Forum. The parties agree that, to the extent any disputes cannot be resolved directly between them, Franchisee must file any suit against Franchisor only in the federal or state court having jurisdiction where Franchisor's principal offices are located at the time suit is filed. Franchisor may file suit in the federal or state court located in the jurisdiction where its principal offices are located at the time suit is filed, in the jurisdiction where Franchisee resides or does business, where the Franchised Restaurant is or was located, or where the claim arose. Franchisee consents to the personal jurisdiction of those courts over Franchisee and to venue in those courts.

25.3 Limitations of Actions. Except for payments owed by one party to the other, and unless prohibited by applicable law, any legal action or proceeding (including the offer and sale of a franchise to Franchisee) brought or instituted with respect to any dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted within a period of two (2) years after the initial occurrence of any act or omission that is the basis of the legal action or proceeding, whenever discovered.

25.4 Rights are Cumulative. No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

25.5 WAIVER OF PUNITIVE DAMAGES, CLASS ACTION LAWSUITS AND JURY TRIAL.

25.5.1 **TO THE FULLEST EXTENT PERMITTED BY LAW, EACH PARTY WAIVES ANY RIGHT TO, OR CLAIM FOR, ANY CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER PARTY. THE PARTIES ALSO AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THEM, THE PARTY MAKING A CLAIM WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES, IF ANY.**

25.5.2 **THE PARTIES IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO BRING, OR BE A CLASS MEMBER IN, ANY CLASS ACTION SUITS.**

25.5.3 **THE PARTIES IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, AND/OR COUNTERCLAIM BROUGHT BY EITHER PARTY.**

25.6 **Injunctive Relief.** Franchisee recognizes that its failure to comply with the terms of this Agreement, including the failure to comply fully with all post-termination obligations, is likely to cause irreparable harm to Franchisor, its affiliates and the System. Therefore, Franchisee agrees that, in the event of a breach or threatened breach of any of the terms of this Agreement by Franchisee, Franchisor shall be entitled to injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance without showing or proving actual damages and without posting any bond or security. Any equitable remedies sought by Franchisor shall be in addition to, and not in lieu of, all remedies and rights that Franchisor otherwise may have arising under applicable law or by virtue of any breach of this Agreement.

25.7 **Attorneys' Fees.** In the event Franchisor is required to employ legal counsel or to incur other expenses to enforce any obligation of Franchisee hereunder, or to defend against any claim, demand, action or proceeding by reason of Franchisee's failure to perform any obligation imposed upon Franchisee by this Agreement, Franchisor shall be entitled to recover from Franchisee the amount of all reasonable attorneys' fees of such counsel and all other expenses incurred in enforcing such obligation or in defending against such claim, demand, action, or proceeding, whether incurred prior to or in preparation for or contemplation of the filing of such action or thereafter.

26. ENTIRE AGREEMENT

This Agreement, together with all exhibits and addenda attached hereto, constitutes the entire agreement between Franchisor and Franchisee with respect to the subject matter hereof, and this Agreement supersedes all prior and contemporaneous agreements between Franchisor and Franchisee in connection with the subject matter of this Agreement. Nothing in this or any related agreement, however, is intended to disclaim the representations made by Franchisor in the Franchise Disclosure Document that was furnished to Franchisee by Franchisor. In the event of any conflict between the terms of this Agreement and the terms of the Area Development Agreement, if applicable, or any other Franchise Agreement, the terms of this Agreement shall prevail. No officer, employee or other servant or agent of Franchisor or Franchisee is authorized to make any representation, warranty or other promise not contained in this Agreement. No change, termination or attempted waiver of any of the provisions of this Agreement shall be binding upon Franchisor or Franchisee unless in writing and signed by Franchisor and Franchisee.

27. SEVERABILITY AND CONSTRUCTION

27.1 **Severability**. Each section, part, term and provision of this Agreement shall be considered severable, and if, for any reason, any section, part, term or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation, such shall not impair the operation of, or affect the remaining portions, parts, terms or provisions of this Agreement, and the latter will continue to be given full force and effect and bind the parties hereto, and said invalid sections, parts, terms or provisions shall be deemed not to be a part of this Agreement, provided, however, that if Franchisor determines that said finding of illegality adversely affects the basic consideration of this Agreement Franchisor and Franchisee may terminate this Agreement.

27.2 **No Implied Third Party Beneficiaries.** Anything to the contrary herein notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity, other than Franchisor or Franchisee and such of their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under or by reason hereof.

27.3 **Lesser Included Obligations.** Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law, which is subsumed within the terms of any provision hereof as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

27.4 **Captions.** All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

27.5 **Approvals**. Unless otherwise indicated or prohibited by applicable law, any act that requires Franchisor's approval, such approval shall be in Franchisor's sole and absolute discretion.

27.6 **Counterparts.** This Agreement may be signed in counterparts, signature pages may be exchanged by electronic transmission (including PDF), and each such counterpart, when taken together with all other identical copies of this Agreement also signed in counterpart, shall be considered as one complete agreement.

27.7 **Gender and Number.** All references to gender and number shall be construed to include such other gender and number as the context may require.

27.8 **Headings**. The paragraph headings in this Agreement are for convenience of reference only and shall not be deemed to alter or affect any provision thereof.

27.9 **Time**. Time is of the essence in this Agreement with respect to each and every provision in which time is a factor. Whenever this Agreement refers to a period of days, the first day to be counted shall be the first day following the designated action or event. For any period of five (5) or fewer days, only business days (excluding Saturdays, Sundays and national holidays) shall be counted. Unless expressly stated otherwise, any period longer than five (5) days shall be measured by calendar days, except that if the last day of any such period is not a business day, the period shall automatically be extended to the next business day.

27.10 **Construction**. In this Agreement, the words "include", "includes", and "including" shall be deemed to be followed by the phrase "without limitation".

27.11 **Survival of Obligations.** All obligations that expressly or by reasonable implication are to be performed, in whole or in part, after the expiration, termination, or assignment of this Agreement will survive expiration, termination, or assignment.

27.12 **References**. Each reference in this Agreement to a corporation or partnership also shall be deemed to refer to a limited liability company and any other entity or organization similar thereto if applicable. Each reference to the organizational documents, owners, directors, and officers of a corporation in this Agreement shall be deemed to refer to the functional equivalents of such organizational documents, owners, directors, and officers, as applicable, in the case of a limited liability company or any other entity or organization similar thereto if applicable.

27.13 Best Interests of System. Whenever Franchisor exercises a right and/or discretion to take or withhold an action, or to grant or decline to grant Franchisee a right to take or withhold an action, except as otherwise expressly provided in this Agreement, Franchisor can make its decision or exercise its discretion on the basis of Franchisor's judgment of what is in Franchisor's best interests. "Best interests" includes what Franchisor believes to be the best interests of the System at the time the decision is made or the right or discretion is exercised, even though (1) there may have been other alternative decisions or actions that could have been taken; (2) Franchisor's decision or the action taken promotes Franchisor's own financial interest; or (3) Franchisor's decision or the action may apply differently to different franchisees and/or to any Matchbox restaurants that Franchisor or its affiliates operate. In the absence of an applicable statute, Franchisor will have no liability to Franchisee for any such decision or action. If applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisor and Franchisee agree that the covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement.

28. FRANCHISEE'S ACKNOWLEDGEMENTS

28.1 Legal and Business Rights and Risks. This Agreement involves significant legal and business rights and risks. Franchisor does not guarantee Franchisee's success. Franchisee has read this Agreement in its entirety, conducted an independent investigation of the business contemplated by this Agreement, has been thoroughly advised with regard to the terms and conditions of this Agreement by legal counsel or other advisors of Franchisee's choosing, recognizes that the nature of the business conducted by Matchbox restaurants may change over time, has had ample opportunity to investigate all representations made by or on Franchisor's behalf, and has had ample opportunity to consult with Franchisor's current and former franchisees. The prospect for success of the business undertaken by Franchisee is speculative and depends to a material extent upon Franchisee's personal commitment, capability and direct involvement in the day-to-day management of the business.

28.2 No Representation of Success. Franchisor make no express or implied warranties or representations that Franchisee will achieve any degree of success in the development or operation of the Franchised Restaurant. Franchisee's success in the development and operation of the Franchised Restaurant depends ultimately on Franchisee's efforts and abilities and on other factors, including market and other economic conditions, Franchisee's financial condition and competition.

28.3 Franchisor's Agreements with Third Parties. Franchisor has entered, and will continue to enter, into agreements with other franchisees to operate Matchbox restaurants. The manner in which Franchisor enforces its rights and the franchisees' obligations under any of those other agreements shall not affect Franchisor's ability to enforce Franchisor's rights or Franchisee's obligations under this Agreement.

28.4 Franchisor's Right to Modify the System. Franchisor may change or modify the System, from time to time, including the Manuals, and Franchisee will be required to make such expenditures as such changes or modifications in the System may require.

28.5 Franchise Application. All information that Franchisee provided to Franchisor in connection with Franchisee's franchise application and Franchisor's grant of this franchise is truthful, complete and accurate.

28.6 Signatories to this Agreement. The persons signing this Agreement on Franchisee's behalf have full authority to enter into this Agreement and the other agreements contemplated by the parties. Franchisee's execution of this Agreement or such other agreements does not and will not conflict or interfere with, directly or indirectly, intentionally or otherwise, with the terms of any other agreement with any other third party to which Franchisee or any owner is a party.

28.7 **No Representations Other Than Franchise Disclosure Document.** Franchisee acknowledges that Franchisee has conducted its own independent investigation concerning the purchase of a Matchbox restaurant franchise and Franchisee has not received from Franchisor or its affiliates or any of Franchisor's or their respective directors, officers, employees, agents, advisors or other representatives, or anyone acting on Franchisor's behalf, any representations other than those contained in Franchisor's Franchise Disclosure Document as inducements to enter this Agreement.

28.8 **No Financial Performance Representations.** Franchisee has not received from Franchisor or its affiliates or anyone acting on their behalf, any representation of Franchisee's potential sales, expenses, income, profit or loss other than the information included in Item 19 of Franchisor's Franchise Disclosure Document.

28.9 **No Actual or Apparent Authority.** Even though this Agreement contains provisions requiring Franchisee to operate the Franchised Restaurant in compliance with the System: (1) Franchisor and its affiliates do not have actual or apparent authority to control the day-to-day conduct and operation of Franchisee's business or employment decisions; and (2) the parties do not intend for Franchisor or its affiliates to incur any liability in connection with or arising from any aspect of the System or Franchisee's use of the System, whether or not in accordance with the requirements of the Manuals, except with respect to any liability arising from Franchisor's gross negligence or willful misconduct.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal as of the Effective Date.

FRANCHISOR:
TH MATCHBOX FRANCHISING LLC,
a Delaware limited liability company

By:_____

Print Name:_____

Title:_____

EFFECTIVE DATE: _____

Notice Address:
1741 Business Center Drive
Suite 200
Reston, Virginia 20190
Attn: Chief Executive Officer

FRANCHISEE:

_____,
a(n) _____

By:_____

Print Name:_____

Title:_____

Date:_____

Notice Address: _____
_____

EXHIBIT A TO MATCHBOX RESTAURANT FRANCHISE AGREEMENT

FRANCHISE INFORMATION

Franchisee:

Approved Location:

If the Franchised Location has not been accepted by Franchisor as of the Effective Date, the **Site Selection Area** shall be identified as:

Protected Territory:

Form of Ownership. Franchisee is a _____ incorporated or formed on _____ in the state of _____.

Owners. The following list includes the full name of each person who is an owner of a legal or beneficial interest in Franchisee, and fully describes the nature of each owner's interest (attach additional pages if necessary).

Name	Home Address	Percentage and Description of Ownership Interest

Operating Principal as of the Effective Date:

Multi-Unit Operator as of the Effective Date:

Minimum Required Insurance Coverage:

COVERAGE	MINIMUM LIMITS
Workers' Compensation	Statutory
Employers' Liability	$2,000,000 per occurrence
Commercial General Liability (including liquor liability and terrorism coverage)	$2,000,000 per occurrence $10,000,000 annual aggregate
Products Liability	Per occurrence included in Commercial General Liability, with separate annual aggregate of $5,000,000

COVERAGE	MINIMUM LIMITS
All-Risk Property (fire)	Restaurant premises replacement cost with 12 months' business interruption
Business Interruption	At least $100,000
Automobile Liability Insurance for owned, hired and non-owned vehicles	$2,000,000 per accident (includes deliveries by your employees)
Fire Damage/Legal Liability	$1,000,000
Cyber Liability	$1,000,000 for one Restaurant and $3,000,000 for three or more Restaurants
Commercial Umbrella Liability Insurance	$200,000

FRANCHISEE:

_____

By: _____

Print name: _____

Title: _____

Date: _____

EXHIBIT B TO MATCHBOX RESTAURANT FRANCHISE AGREEMENT

GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGMENT

(TO BE EXECUTED ONLY IF FRANCHISEE IS AN ENTITY)

As an inducement to TH MATCHBOX FRANCHISING LLC ("**Franchisor**") to enter the Matchbox Franchise Agreement between Franchisor and _____ ("**Franchisee**"), dated _____ (the "**Agreement**"), the undersigned, jointly and severally, hereby unconditionally guarantee to Franchisor and Franchisor's successors and assigns that all of Franchisee's monetary obligations under the Agreement will be punctually paid and performed and that all monetary obligations will be punctually paid and performed.

Upon demand by Franchisor, the undersigned each hereby jointly and severally agree to immediately make each payment required of Franchisee under the Agreement and waive any right to require Franchisor to: (a) proceed against Franchisee for any payment required under the Agreement; (b) proceed against or exhaust any security from Franchisee; (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee; or (d) give notice of demand for payment by Franchisee. Without affecting the obligations of the undersigned under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee, and the undersigned each hereby jointly and severally waive notice of same and agree to remain and be bound by any and all such amendments and changes to the Agreement.

The undersigned each hereby jointly and severally agree to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney's fees, reasonable costs of financial and other investigation, court costs, and fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement, any amendment thereto, or any other agreement executed by Franchisee referred to therein.

The undersigned each hereby jointly and severally acknowledge and expressly agree to be individually bound by all of the obligations contained in Sections 11 (Confidentiality), 13.5 (Indemnification by Franchisee), 14 (Covenants not to Compete), 18 (Obligations upon Expiration or Termination), and 19 (Transfers) of the Agreement, and acknowledge and agree that this Guarantee does not grant the undersigned any right to use the Marks or System licensed to Franchisee under the Agreement.

This Guarantee shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

Guarantor represents and warrants to Franchisor that neither Guarantor (including, without limitation, any and all of its employees, directors, officers and other representatives), nor any of its affiliates or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

Any and all notices required or permitted under this Guarantee shall be in writing and shall be personally delivered, in the manner provided under Section 24 (Notices) of this Agreement.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 25 (Enforcement) of the Agreement. This Guarantee shall be interpreted and construed under the laws of the Commonwealth of Virginia. In the event of any conflict of law, the laws of the Commonwealth of Virginia shall prevail (without regard to, and without giving effect to, the application of Virginia conflict of law rules).

IN WITNESS WHEREOF, the undersigned has signed this guarantee provision as of the date of this Agreement.

GUARANTOR(S)

_____
Signature

Printed Name:_____

Home Address:_____
_____

_____
Signature

Printed Name:_____

Home Address:_____
_____

_____
Signature

Printed Name:_____

Home Address:_____
_____

EXHIBIT C TO MATCHBOX RESTAURANT FRANCHISE AGREEMENT

FORM OF ADDENDUM TO LEASE

THIS ADDENDUM is executed as of this ___ day of _____, _____, by and between _____("**Franchisee**") and _____ ("**Landlord**"), as an addendum to the lease, as modified, amended, supplemented, renewed and/or extended from time to time as contemplated herein, ("**Lease**") for the premises located at _____, State of _____ ("**Premises**") dated as of _____, ____.

Franchisee has entered into a Matchbox Franchise Agreement ("Franchise Agreement") with TH Matchbox Franchising LLC ("Franchisor") for the development and operation of a Matchbox restaurant at the Premises, and as a requirement thereof, the lease for the Premises must contain the provisions contained in this Addendum.

Landlord and Franchisee agree that the terms contained herein shall supersede any terms to the contrary set forth in the Lease.

NOW THEREFORE, in consideration of mutual covenants set forth herein, the execution and delivery of the Lease, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Franchisee hereby agree as follows:

1. Landlord shall deliver to Franchisor a copy of any notice of default or termination of the Lease at the same time such notice is delivered to Franchisee.

2. Franchisee hereby assigns to Franchisor, with Landlord's irrevocable and unconditional consent, all of Franchisee's rights, title and interests to and under the Lease upon any termination or non-renewal of the Franchise Agreement, but no such assignment shall be effective unless: (a) the Franchise Agreement is terminated or expires without renewal; (b) Franchisor has exercised its option to acquire the Premises under the Franchise Agreement; and (c) Franchisor notifies the Franchisee and Landlord in writing that Franchisor assumes Franchisee's obligations under the Lease.

3. Franchisor shall have the right, but not the obligation, upon giving written notice of its election to Franchisee and Landlord, to cure any breach of the Lease and, if so stated in the notice, to also succeed to Franchisee's rights, title and interests thereunder.

4. The Lease may not be modified, amended, supplemented, renewed, extended or assigned by Franchisee without Franchisor's prior written consent.

5. Franchisee and Landlord acknowledge and agree that Franchisor shall have no liability or obligation whatsoever under the Lease unless and until Franchisor assumes the Lease in writing pursuant to Section 2 or Section 3, above.

6. If Franchisor assumes the Lease, as provided above, Franchisor may, without Landlord's prior consent, further assign the Lease to a franchisee of Franchisor to operate the Matchbox restaurant at the Premises provided that the following criteria are met: (a) Franchisor has an established franchising program for Matchbox restaurants; and (b) the proposed franchisee has met all of Franchisor's applicable program criteria and requirements and has executed Franchisor's standard franchise agreement. Landlord agrees to execute such further documentation to confirm its consent to the assignment permitted under this Addendum as Franchisor may reasonably request. Upon

such assignment to a franchisee of Franchisor, Franchisor shall be released from any further liability under the terms and conditions of the Lease.

7. Landlord and Franchisee hereby acknowledge that Franchisee has agreed under the Franchise Agreement that Franchisor and its employees or agents shall have the right to enter the Premises for certain purposes. Landlord hereby agrees not to interfere with or prevent such entry by Franchisor, its employees or agents. Landlord and Franchisee hereby further acknowledge that in the event the Franchise Agreement expires (without renewal) or is terminated, Franchisee is obligated to take certain steps under the Franchise Agreement to de-identify the Premises as a Matchbox restaurant. Landlord agrees to permit Franchisor, its employees or agent, to enter the Premises and remove signs (both interior and exterior), décor and materials displaying any marks, designs or logos owned by Franchisor, provided Franchisor shall bear the expense of repairing any damage to the Premises as a result thereof.

8. Landlord and Franchisee agree that if Landlord is an affiliate or an owner of Franchisee and Landlord proposes to sell the Premises, prior to the sale of the Premises, the Lease upon the request of Franchisor shall be amended to reflect a rental rate and other terms that are the reasonable and customary rental rates and terms prevailing in the community where the Matchbox restaurant is located.

9. Franchisor, along with its successors and assigns, is an intended third party beneficiary of the provisions of this Addendum.

10. Copies of any and all notices required or permitted hereby or by the Lease shall also be sent to Franchisor at 1741 Business Center Drive, Suite 200, Reston, Virginia 20190 (Attn: Chief Executive Officer) or such other address as Franchisor shall specify by written notice to Landlord.

11. Under the Franchise Agreement, any lease for the location of a Matchbox restaurant is subject to Franchisor's approval with regards to the terms and conditions that affect Franchisor, and Franchisor expressly disclaims any other connotations either expressed or implied as to the other terms and conditions set forth in the Lease that are negotiated between Landlord and Franchisee. Accordingly, the Lease is contingent upon such approval, and Franchisor shall provide written notice to Landlord and Franchisee to evidence such approval, as applicable.

[Signature page follows.]

WITNESS the execution hereof under seal.

LANDLORD: _____

By: _____

Print Name: _____

Title: _____

Date: _____

Subscribed and sworn to before me this ___ day of _____, _____.

_____
Notary Public

My Commission expires: _____

FRANCHISEE: _____

By: _____

Print Name: _____

Title: _____

Date: _____

Subscribed and sworn to before me this ____ day of _____, ____.

_____
Notary Public

My Commission expires: _____

EXHIBIT D TO MATCHBOX RESTAURANT FRANCHISE AGREEMENT

FORM OF NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

(to be signed by franchisee and its personnel)

THIS NON-DISCLOSURE AND NON-COMPETITION AGREEMENT (this "**Agreement**") is made this _____ day of _____, 20___, by and between _____ ("**Franchisee**"), and _____, who is an owner, officer, director, manager, supervisor, or a person in a managerial position with, Franchisee (the "**Member**").

RECITALS:

TH Matchbox Franchising LLC ("**Franchisor**") owns a format and system (the "**System**") relating to the establishment and operation of Matchbox restaurants.

Franchisor identifies Matchbox restaurants by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited to, the mark "MATCHBOX®" and such other trade names, service marks, and trademarks as Franchisor may hereafter designate for use in connection with the System (the **"Marks"**).

Franchisor and Franchisee have executed a Matchbox Franchise Agreement ("**Franchise Agreement**") granting Franchisee the right to operate a Matchbox restaurant (the "**Restaurant**") located at _____ (the "**Premises**") and to use the Marks in connection therewith under the terms and conditions of the Franchise Agreement.

Member, by virtue of his or her position with Franchisee, will gain access to certain of Franchisor's Confidential Information, as defined herein, and must therefore be bound by the same confidentiality and non-competition agreement that Franchisee is bound by.

NOW THEREFORE, IN CONSIDERATION of these premises, the conditions stated herein, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties agree as follows:

1. Confidential Information. Member shall not, during the term of the Franchise Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, entity, association, or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the business franchised thereunder which may be communicated to Member or of which Member may be apprised by virtue of Franchisee's operation under the terms of the Franchise Agreement. Any and all information, knowledge, know-how, and techniques which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement, except information which Member can demonstrate came to his or her attention before disclosure thereof by Franchisor; or which, at or after the time of disclosure by Franchisor to Franchisee, had become or later becomes a part of the public domain, through publication or communication by others.

2. Covenant Not to Compete.

(a) Member specifically acknowledges that, pursuant to the Franchise Agreement, and by virtue of his/her position with Franchisee, Member will receive valuable specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System.

(b) Member covenants and agrees that during the term of Member's employment with, or ownership interest in Franchisee, except as otherwise approved in writing by Franchisor, Member shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity:

(1) Own, maintain, operate, engage in, grant a franchise to, advise, help, make loans to, lease property to or have any interest in, either directly or indirectly, any "**Competitive Business"**, which is defined as a full service restaurant business: (a) offering American bistro fare; or (b) whose method of operation or trade dress is similar to that employed in the System; or

(2) Divert or attempt to divert any present or prospective business or customer to any Competing Business by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(c) During the term of Member's employment with or ownership interest in Franchisee, there is no geographical limitation on the restrictions contained in this Section 2. Member covenants and agrees that during the continuous uninterrupted period of two (2) years from the termination of Member's employment with and/or transfer of Member's ownership interest in Franchisee, except as otherwise approved in writing by Franchisor, Member shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity, own, maintain, operate, engage in, or have any interest in any Competing Business which is, or is intended to be, located within a ten (10) mile radius of the Premises or within a five (5) mile radius around any then-existing Matchbox restaurant operating under the System.

3. **Injunctive Relief**. Member acknowledges that any failure to comply with the requirements of this Agreement will cause Franchisor irreparable injury, and Member agrees to pay all costs (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement.

4. **Severability**. All agreements and covenants contained herein are severable. If any of them, or any part or parts of them, shall be held invalid by any court of competent jurisdiction for any reason, then Member agrees that the court shall have the authority to reform and modify that provision in order that the restriction shall be the maximum necessary to protect Franchisor's and/or Member's legitimate business needs as permitted by applicable law and public policy. In so doing, Member agrees that the court shall impose the provision with retroactive effect as close as possible to the provision held to be invalid.

5. **Delay**. No delay or failure by Franchisor or Franchisee to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right provided herein, and no waiver of any violation of any terms and provisions of this Agreement shall be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

6. **Choice of Law and Forum.** This Agreement and any claim or controversy arising out of, or relating to, rights and obligations of the parties under this Agreement and any other claim or controversy between the parties shall be governed by and construed in accordance with the laws of the state in which the Premises is or was located without regard to conflicts of laws principles. The parties agree that, to the extent any disputes cannot be resolved directly between them, each party may file suit against the other party only in the federal or state court having jurisdiction where the Premises is or was located. Each party consents to the personal jurisdiction of those courts over themselves and to venue in those courts.

7. **Third-Party Beneficiary**. Member hereby acknowledges and agrees that Franchisor is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with Franchisee.

IN WITNESS WHEREOF, Franchisee and Member attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on the date first written above.

FRANCHISEE:	**MEMBER:**
_____	_____
By: _____	Name: _____
Name: _____	Date: _____
Title: _____	
Date: _____	

EXHIBIT E TO MATCHBOX RESTAURANT FRANCHISE AGREEMENT

TELEPHONE NUMBER ASSIGNMENT AGREEMENT AND POWER OF ATTORNEY

FOR VALUE RECEIVED, the undersigned ("**Franchisee**") irrevocably assigns the telephone listing and numbers stated below and any successor, changed or replacement number or numbers effective upon the date of termination of the Franchise Agreement described below to TH MATCHBOX FRANCHISING LLC ("**Franchisor**") upon the following terms:

1. This assignment is made under the terms of Matchbox Franchise Agreement dated _____ (the "**Franchise Agreement**") between Franchisor and Franchisee authorizing Franchisee to operate a franchised Matchbox restaurant (the "**Franchised Restaurant**") and which in part pertains to the telephone listing and numbers Franchisee uses in the operation of the Franchised Restaurant covered by the Franchise Agreement.

2. Franchisee retains the limited right to use the telephone listing and numbers only for transactions and advertising under the Franchise Agreement while the Franchise Agreement between Franchisor and Franchisee remains in full force, but upon termination or expiration of the Franchise Agreement, Franchisee's limited right of use of the telephone listing and numbers also terminates. In this event, Franchisee agrees to immediately discontinue use of all listings and numbers. At Franchisor's request, Franchisee will immediately sign all documents, pay all monies, and take all other actions necessary to transfer the listing and numbers to Franchisor.

3. The telephone numbers and affiliated listings subject to this assignment are all numbers Franchisee uses in the Franchised Restaurant.

4. Franchisee shall pay all amounts owed for the use of the telephone numbers and affiliated listing it incurs. On termination or expiration of the Franchise Agreement, Franchisee shall immediately pay all amounts owed for the listing and telephone numbers, whether or not due, including all sums owed under existing contracts for telephone directory advertising.

5. Franchisee appoints Franchisor as its attorney-in-fact to act in Franchisee's place for the purpose of assigning any telephone numbers covered by Paragraph 3 above to Franchisor or Franchisor's designees or transferees. Franchisee grants Franchisor full authority to act in any manner proper or necessary to exercise these powers, including full power of substitution and signing or completion of all documents required or requested by any telephone company to transfer the numbers, and ratifies every act that Franchisor lawfully performs in exercising those powers.

This power of attorney is effective for ten (10) years from the date of expiration, cancellation or termination of Franchisee's rights under the Franchise Agreement for any reason.

Franchisee intends that this power of attorney be coupled with an interest. Franchisee declares this power of attorney to be irrevocable and renounces all right to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney is not affected by Franchisee's later incapacity. This power is created to secure performance of a duty to Franchisor and is for consideration.

THE PARTIES have caused this Agreement to be duly signed as evidenced by their signatures appearing below.

FRANCHISOR: **TH MATCHBOX FRANCHISING LLC,** a Delaware limited liability company	**FRANCHISEE:** _____
By:_____	By:_____
Print Name:_____	Print Name:_____
Title:_____	Title:_____
Date**:** _____	Date:_____

EXHIBIT F TO MATCHBOX RESTAURANT FRANCHISE AGREEMENT

DISCLOSURE VERIFICATION FORM

You are preparing to enter into a Matchbox Franchise Agreement with TH Matchbox Franchising LLC ("Franchisor"). The purpose of this Questionnaire is to confirm that you understand the terms of the Franchise Agreement and that no unauthorized statements or promises have been made to you. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

Franchise Applicant _____

Yes ___ No ___ 1. Have you received and reviewed the Matchbox Franchise Disclosure Document ("FDD") at least 14 calendar days, exclusive of the day you received it, before signing the Franchise Agreement and/or paying any monies to Franchisor?

Yes ___ No ___ 2. Have you signed and returned to Franchisor the acknowledgment of receipt for each FDD given you?

Yes ___ No ___ 3. Have you had an opportunity to read the Franchise Agreement and each of its attachments (and the Area Development Agreement if applicable and each of its attachments) thoroughly and understand all of Franchisor's covenants and obligations and your covenants and obligations as a franchisee?

Yes ___ No ___ 4. Do you understand that your Operating Principal and at least two managers must successfully complete and pass Franchisor's training program to Franchisor's satisfaction before Franchisor will allow you to open your Matchbox restaurant?

Yes ___ No ___ 5. Do you understand that the territorial rights you have been granted are subject to limitations and exceptions?

Yes ___ No ___ 6. Have you had an opportunity to consult with a lawyer, accountant, or other professional advisor prior to signing the Franchise Agreement (and the Area Development Agreement if applicable) or have you had the opportunity for such review and chosen not to engage such professionals?

Yes ___ No ___ 7. Do you understand the risks of owning a business and specifically the risks of owning a Matchbox restaurant franchise, and are you able to bear such risks?

Yes ___ No ___ 8. Do you acknowledge that the success of your franchise will depend primarily on your own skills, efforts and abilities and those of the persons you employ as well as many factors beyond your or Franchisor's control, including demographics, competition, local laws, lease terms, and other conditions which may be difficult or impossible to anticipate or identify may affect the success of your business?

Yes ___ No ___ 9. Except for negotiated changes that have been initiated by you, did you receive a complete copy of the Franchise Agreement (and the Area Development Agreement if applicable) at least seven calendar days before the date on which you signed the Franchise Agreement (and the Area Development Agreement if applicable)?

Yes ___ No ___ 10. Do you understand that all disputes or claims you may have arising out of or relating to the Franchise Agreement (and the Area Development Agreement if applicable) must be brought in the state where Franchisor has its principal place of business, if not resolved informally or by mediation?

Yes ___ No ___ 11. Do you agree that no employee or other person speaking on Franchisor's behalf made any statement or promise regarding the costs involved in operating a Matchbox restaurant franchise that is not contained in the Franchise Disclosure Document or that is contrary to or different from, the information contained in the in operating a Matchbox restaurant franchise that is not contained in the Franchise Disclosure Document?

Yes ___ No ___ 12. Do you agree that no employee or other person speaking on Franchisor's behalf made any promises, guarantees or assurances to you and provided no information to you relative to earnings, revenues, profits, expenses or projected revenues for a Matchbox restaurant franchise other than those contained in Item 19 of Franchisor's Franchise Disclosure Document?

Yes ___ No ___ 13. Do you agree that no employee or other person speaking on Franchisor's behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement (and Area Development Agreement if applicable) concerning the advertising, marketing, media support, marketing penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes ___ No ___ 14. Do you understand that the Franchise Agreement and its attachments (and the Area Development Agreement and its attachments, if applicable) contain the entire agreement between Franchisor and you concerning the Matchbox restaurant franchise, meaning any prior oral or written statements not set out in the Franchise Agreement (and the Area Development Agreement if applicable) will not be binding?

Yes ___ No ___ 15. Do you understand that Franchisor is relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws?

If you answered "No" to any question above, please explain your response(s) below:

_____

_____

_____

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO FRANCHISOR AND THAT FRANCHISOR WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

FRANCHISE APPLICANT: _____

By: _____

Print Name: _____

Date: _____

EXHIBIT B

AREA DEVELOPMENT AGREEMENT

MATCHBOX RESTAURANT AREA DEVELOPMENT AGREEMENT

DEVELOPER:

_____

EFFECTIVE DATE OF AGREEMENT:

_____

DEVELOPMENT AREA:

_____

_____

_____

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EXHIBITS

A	Development Information
B	Guarantee, Indemnification And Acknowledgement
C	Non-Disclosure and Non-Competition Agreement
D	Disclosure Verification Form

MATCHBOX RESTAURANT AREA DEVELOPMENT AGREEMENT

THIS MATCHBOX RESTAURANT AREA DEVELOPMENT AGREEMENT (this "**Agreement**") is made and entered into as of the date set forth on the signature page of this Agreement (the "**Effective Date**"), by and between **TH MATCHBOX FRANCHISING LLC**, a Delaware limited liability company with a principal business address of 1741 Business Center Drive, Suite 200, Reston, Virginia 20190 ("**Franchisor**") and the person(s) or entity identified on the signature page of this Agreement ("**Developer**").

RECITALS

Franchisor and its affiliates have developed a system related to the establishment and operation of American bistro style full service restaurants (each a "**Matchbox restaurant**") featuring wood-fired pizzas, mini burgers, fresh salads, chef-inspired entrées and other menu items.

Matchbox restaurants operate under certain trademarks, service marks, logos and other commercial symbols, including the name and mark "MATCHBOX®" (collectively, the "**Marks**") which are owned by an affiliate of Franchisor and licensed to Franchisor for sub-license to its franchisees, and pursuant to certain confidential information and trade secrets.

Matchbox restaurants are operated with uniform formats, designs, systems, methods, specifications, standards and procedures, all of which may be improved, further developed or otherwise modified from time to time by Franchisor and its affiliates (the "**System**").

Franchisor grants development rights to persons who meet Franchisor's qualifications and who are willing to undertake the investment and effort to establish and develop Matchbox restaurants in a defined geographic area.

Developer has applied for the right to develop, own and operate Matchbox restaurants using the System and the Marks within a certain geographic territory in conformity with Franchisor's uniformity requirements and quality standards established and promulgated from time to time by Franchisor.

Franchisor has approved Developer's application in reliance upon all of the representations made by Developer in its application.

NOW, THEREFORE, for and in consideration of the premises and the mutual promises and covenants hereinafter made, Franchisor and Developer do hereby agree as follows:

1. GRANT OF DEVELOPMENT RIGHTS; TERRITORY

1.1 Development Area. Franchisor hereby grants to Developer, for the term of this Agreement, the right to enter into Matchbox Restaurant Franchise Agreements ("**Franchise Agreements**") with Franchisor pursuant to the schedule set forth in Exhibit A to this Agreement (the "**Development Schedule**") for the development and operation of franchised Matchbox restaurants ("**Franchised Restaurants**") to be located within the geographic area described in Exhibit A (the "**Development Area**").
.

1.2 Limited Exclusivity. The rights and privileges granted to Developer in this Agreement are expressly limited to the Development Area and are expressly subject to the terms and conditions of this Agreement. During the term of this Agreement, so long as Developer is in compliance with all of its obligations under this Agreement and any other agreements with Franchisor or its affiliates, Franchisor will

not develop or operate or grant to any other party the right to develop or operate a Matchbox restaurant utilizing the System and the Marks within the Development Area except as otherwise provided in Sections 1.2.1 through 1.2.7. Franchisor and its affiliates reserve all rights that are not expressly granted to Developer under this Agreement. Therefore, among other things, Franchisor and its affiliates have the sole right to do any or all of the following (notwithstanding the proximity to the Development Area or their actual or threatened impact on sales at any Franchised Restaurant):

1.2.1 Operate or license others to operate at any location, during or after the term of this Agreement, any type of restaurant other than Matchbox restaurants;

1.2.2 Operate or license others to operate, during the term of this Agreement, Matchbox restaurants at any location other than in the Development Area;

1.2.3 Operate or license others to operate, after this Agreement terminates or expires, Matchbox restaurants at any location, including within the Development Area;

1.2.4 Merchandise and distribute goods and services identified by the Marks at any location through any other method or channel of distribution, including through e-commerce, and grocery stores, supermarkets, club stores, and similar retail outlets;

1.2.5 Operate and to grant others the right to operate Matchbox restaurants at Non-Traditional Sites within and outside the Development Area under any terms and conditions Franchisor deems appropriate, regardless of proximity to any Franchised Restaurant. As used in this Agreement, "**Non-Traditional Sites** shall include military facilities, government facilities, schools, colleges, universities, airports, train stations, bus stations, travel plazas, stadiums, arenas, convention centers, convenience stores, ghost and virtual kitchens, hospitals, theme parks, food courts, food trucks, venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider, Indian reservations, casinos or any similar captive market location not reasonably available to Developer, whether currently existing or constructed or established subsequent to the Effective Date;

1.2.6 Develop and own other franchise systems for the same or similar products and services using trade names and trademarks other than the Marks; and

1.2.7 Acquire, be acquired by, merge or combine with, a business operating one or more food service businesses located or operating anywhere.

1.3 Development Rights Only. This Agreement is not a license or a franchise agreement. It does not give Developer the right to operate Matchbox restaurants or use the System. In addition, this Agreement does not give Developer any right to license others to operate Matchbox restaurants or use the System. This Agreement only gives Developer the opportunity to enter into Franchise Agreements for the operation of Franchised Restaurants at locations in the Development Area approved by Franchisor. Each Franchised Restaurant developed pursuant to this Agreement shall be established and operated only in strict accordance with a separate Franchise Agreement.

1.4 First Franchise Agreement. Prior to or simultaneously with the execution of this Agreement, Franchisor and Developer (or its Controlled Entity) must execute a Franchise Agreement for its first Franchised Restaurant and pay the Initial Franchise Fee (as defined in Section 3.2) due under that Franchise Agreement. A "**Controlled Entity**" is a corporation, limited liability company, partnership, or other entity ("**Entity**") in which (1) Developer is the owner of a legal and/or beneficial interest in the Entity (an "**Owner**") of more than fifty percent (50%) of the ownership interests in the Entity; or (2) Developer's Owners are the Owners of more than fifty percent (50%) of the ownership interests in the Entity.

1.5 Forms of Agreement. Developer acknowledges that, over time, Franchisor has entered, and will continue to enter, into agreements with other developers and franchisees that may contain provisions, conditions and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that Franchisor and its affiliates and other franchisees may have different rights and obligations does not affect the duties of the parties to this Agreement to comply with the terms of this Agreement.

2. TERM

2.1 Term. The term of this Agreement begins on the Effective Date and expires on the earlier of the date that Developer signs the Franchise Agreement for the final Franchised Restaurant to be developed under this Agreement or the Required Opening Deadline for that Franchised Restaurant as set forth in the Development Schedule.

2.2 No Renewal. At the end of the term of this Agreement, Developer's development rights with respect to the Development Area will automatically terminate, and Developer will not have the right to renew or extend the term of this Agreement.

3. FEES PAYABLE TO FRANCHISOR

3.1 Development Fee. When Developer signs this Agreement, Developer must pay to Franchisor a development fee in the amount set forth in Exhibit A, which shall be calculated as the sum of Thirty Thousand Dollars ($30,000) multiplied by the number of Franchised Restaurants that Developer agrees to develop under the Development Schedule (the "**Development Fee**"). The Development Fee is fully earned by Franchisor when this Agreement is signed and is not refundable even if Developer fails to develop any Franchised Restaurants.

3.2 Initial Franchise Fee. Developer shall pay an initial franchise fee in the amount of Thirty Thousand Dollars ($30,000) ("**Initial Franchise Fee**") under each Franchise Agreement signed by Developer or its Controlled Affiliate for each Franchised Restaurant that Developer develops under this Agreement. Developer must pay the Initial Franchise Fee payable under each Franchise Agreement when Developer signs the applicable Franchise Agreement.

4. DEVELOPMENT SCHEDULE

4.1 Development Schedule. To maintain its rights under this Agreement, Developer (and/or its Controlled Entities) must sign a Franchise Agreement have open and operating within the Development Area the agreed-upon number of Franchised Restaurants by the dates specified in the Development Schedule. Developer acknowledges and agrees that the Development Schedule is a material provision of this Agreement. For purposes of determining compliance with the Development Schedule, only Developer's Franchised Restaurants actually open and continuously operating in the Development Area as of a given date will be counted toward the number of Franchised Restaurants required to be open and continuously operating.

4.2 Execution of Franchise Agreements.

4.2.1 Before executing any binding letter of intent, lease, purchase agreement or other document by which Developer would commit to occupy or acquire a site for a Franchised Restaurant, Developer or its Controlled Entity must execute Franchisor's then-current standard form of Franchise Agreement with respect to such Franchised Restaurant and pay the Initial Franchise Fee, Franchisor must countersign such Franchise Agreement, and Developer must comply with the applicable provisions of the

Franchise Agreement relating to the selection of the site for the Franchised Restaurant. The failure of Developer or the Controlled Entity to comply with this Section 4.2 will constitute a material breach of this Agreement, and Franchisor will have the right to terminate this Agreement.

4.2.2 If a Franchise Agreement will be executed by a Controlled Entity, then Developer (or Developer's Owners) will, at all times during the term of the Franchise Agreement, be required to maintain more than a fifty percent (50%) ownership interest in the Controlled Entity and any person with any ownership interest in the Controlled Entity will be required to execute a personal guaranty under the Franchise Agreement.

4.2.3 Developer acknowledges that (1) the terms, conditions and economics of Franchisor's form of Franchise Agreement may be modified from time to time by Franchisor, (2) modifications to Franchisor's form of Franchise Agreement will not alter Developer's obligations under this Agreement, (3) any modifications made to Franchisor's form of Franchise Agreement in the future will not be applicable to any Franchise Agreement previously executed by Developer, (4) any Franchise Agreement signed by Developer pursuant to this Agreement will require Developer to pay the Initial Franchise Fee set forth in Section 3.2 above and all fees fee set forth the signed Franchise Agreement, regardless of whether these fees have changed in Franchisor's then-current form of Franchise Agreement.

4.3 Reasonableness of Development Schedule. Developer represents that it has conducted its own independent investigation and analysis of the prospects for the establishment of Matchbox restaurants within the Development Area and agrees that the Development Schedule is reasonable and viable.

4.4 Failure to Comply with Development Schedule. If Developer at any time during the term of this Agreement is not in compliance with the Development Schedule (i.e., does not have the required number of Franchised Restaurants open and operating in the Development Area as of the Required Opening Dates), then Franchisor will have the right to terminate this Agreement immediately upon written notice to Developer.

5. DEVELOPER'S ORGANIZATION AND MANAGEMENT

5.1 Developer's Organization

5.1.1 If Developer is an Entity, Developer makes the following representations and warranties: (1) Developer is duly organized and validly existing under the laws of the state of its formation; (2) Developer is qualified to do business in the state or states in which the Development Area is located; (3) execution of this Agreement and the development and operation of the Franchised Restaurants is permitted by Developer's governing documents; and (4) unless waived in writing by Franchisor, Developer's articles of incorporation, articles of organization or written partnership agreement shall at all times provide that Developer's activities are limited exclusively to the development and operation of Matchbox restaurants.

5.1.2 If Developer is an individual, or a partnership comprised solely of individuals, Developer makes the following additional representations and warranties: (1) each individual has executed this Agreement; (2) each individual shall be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement; and (3) notwithstanding any transfer to an Entity, each individual shall continue to be jointly and severally bound by, and personally liable for the timely and complete performance and breach of, each and every provision of this Agreement.

5.2 Developer's Name. Developer will not use the word Matchbox or any name that is confusingly similar to any of the words used in any of the Marks in the name of any Entity formed by Developer or any affiliate of Developer. Developer will at all times hold itself out to the public as an independent contractor operating its Franchised Restaurants pursuant to Franchise Agreements with Franchisor.

5.3 Ownership Interests. All interests in Developer are owned as set forth in attached Exhibit A. Developer must comply with Section 7 prior to any change in ownership interests and must sign addenda to Exhibit A as changes occur in order to ensure the information contained in Exhibit A is true, accurate and complete at all times.

5.4 Governing Documents. Upon request by Franchisor, Developer shall promptly deliver to Franchisor, as applicable, true and complete copies of the articles or certificate of incorporation, partnership agreement, bylaws, subscription agreements, buy-sell agreements, voting trust agreements and all other documents relating to Developer's ownership, organization, capitalization, management and control and all amendments thereto. When any of these governing documents are modified or changed, Developer promptly shall provide copies to Franchisor. If Developer is a corporation, Developer shall maintain stop-transfer instructions against the transfer on the records of any voting securities, and each stock certificate of the corporation shall have conspicuously endorsed upon its face the following statement: "Any assignment or transfer of this stock is subject to the restrictions imposed on assignment by the Matchbox Restaurant Area Development Agreement(s) and Franchise Agreement(s) to which the corporation is a party." If Developer is a limited liability company, each membership or management certificate shall have conspicuously endorsed upon its face the following statement: "Any assignment or transfer of an interest in this limited liability company is subject to the restrictions imposed on assignment by the Matchbox Restaurant Area Development Agreement(s) and Franchise Agreement(s) to which the limited liability company is a party." If Developer is a partnership, Developer's written partnership agreement shall provide that ownership of an interest in the partnership is held, and that further assignment or transfer thereof, is subject to all restrictions imposed on assignment by this Agreement and any Franchise Agreement(s) to which the partnership is a party.

5.5 Personal Guarantees

5.5.1 Each of Developer's Owners, and each of their spouses, if applicable, shall jointly and severally personally guarantee Developer's payment and performance under this Agreement and personally bind themselves to the terms of this Agreement pursuant to the Guarantee, Indemnification and Acknowledgement attached as Exhibit B ("**Guarantee**"). Unless Developer is a publicly-held entity, all of Developer's officers, directors, limited liability company managers and their spouses, if applicable, also shall jointly and severally guarantee Developer's payment and performance under this Agreement and bind themselves to the terms of this Agreement pursuant to the attached Guarantee. Notwithstanding the foregoing, Franchisor reserves the right, in its sole discretion, to waive the requirement that some or all of the previously described individuals sign the attached Guarantee. Franchisor also reserves the right to require any guarantor to provide personal financial statements to Franchisor from time to time.

5.5.2 With respect to Developer's Owners, Developer acknowledge that, unless otherwise agreed to in writing by Franchisor, it is Franchisor's intent to have individuals (and not corporations, limited liability companies or other entities) sign the Guarantee. Accordingly, if any Owner is not an individual, Franchisor shall have the right to require individuals who have only an indirect ownership interest in Developer to sign the Guarantee. (By way of example, if an Owner is a corporation, Franchisor has the right to require individuals who have an ownership interest in that corporation to sign the Guarantee.)

5.6 Operating Principal. When Developer signs this Agreement, Developer must designate a holder of a legal or beneficial interest of ten percent (10%) or more in Developer as its "**Operating Principal**" who will be the person with whom Franchisor communicates and whom will have the authority to bind Developer with respect to all financial, operational and legal matters related to the development and operation of the Franchised Restaurants and this Agreement. The Operating Principal must successfully complete Franchisor's initial training program and any additional training that Franchisor requires under any Franchise Agreement. Franchisor must have approved the Operating Principal and not have later withdrawn that approval. The Operating Principal shall devote full time and best efforts to supervising the development and operation of the Franchised Restaurants and the other franchised Matchbox restaurants operated by Developer and its affiliates and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitments or otherwise may conflict with Developer's obligations under this Agreement. Developer must designate a replacement approved by Franchisor within thirty (30) days after the Operating Principal ceases to serve in that capacity.

5.7 Designation of Multi-Unit Operator. When Developer signs this Agreement, Developer must designate an individual as its Multi-Unit Operator. Developer's Operating Principal may serve as its Multi-Unit Operator. The Multi-Unit Operator must have at least five (5) years of multi-unit restaurant management experience including profit and loss responsibility, and must be experienced in all aspects of restaurant operations including hiring, scheduling, purchasing, training, employee productivity and supervision, guest relations, compliance with federal, state and local laws, financial accounting, cost controls, operational criteria described in Franchisor's confidential and proprietary operations manual. Franchisor must have approved the Multi-Unit Operator and not have later withdrawn that approval. The Multi-Unit Operator must complete Franchisor's initial training program and any additional training that Franchisor requires under a Franchise Agreement. The Multi-Unit Operator will, during the entire period he or she serves as the Multi-Unit Operator, devote his or her full time and best efforts to the development, supervision, conduct and operations of Developer's Franchised Restaurants. Developer must designate a replacement approved by Franchisor within thirty (30) days after the Multi-Unit Operator ceases to serve in that capacity.

5.8 Compliance with Applicable Laws. Developer will, at its expense, comply with all applicable federal, state, city, local and municipal laws, ordinances, rules and regulations pertaining to the development of the Franchised Restaurants in the Development Area. Developer will, at its expense, be absolutely and exclusively responsible for determining the licenses and permits required by law for Developer's Franchised Restaurants, for qualifying for, and obtaining and maintaining, all such licenses and permits, and for compliance with all applicable laws by its employees, agents and independent contractors.

5.9 Compliance With Anti-Terrorism Laws. Developer and its Owners agree to comply, 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, Developer and its Owners certify, represent, and warrant that none of its property or interests is subject to being blocked under, and that Developer and its Owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "**Anti-Terrorism Laws**" mean 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. Any violation of the Anti-Terrorism Laws by Developer or its Owners, or any blocking of Developer's or its Owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

6. TRANSFERS BY FRANCHISOR

Franchisor shall have the right, without the need for Developer's consent, to assign, transfer or sell its rights under this Agreement to any person, partnership, corporation or other legal entity provided that the transferee agrees in writing to assume all obligations undertaken by Franchisor herein and Developer receives a statement from both Franchisor and its transferee to that effect. Upon such assignment and assumption, Franchisor shall be under no further obligation hereunder, except for accrued liabilities, if any. Developer further agrees and affirms that Franchisor may go public; may engage in a private placement of some or all of its securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, Developer expressly and specifically waives any claims, demands or damages arising therefrom.

7. TRANSFERS BY DEVELOPER

7.1 No Transfer Without Franchisor's Consent. Developer understands and acknowledges that the rights and duties created by this Agreement are personal to Developer (or to Developer's Owners if Developer is an Entity), therefore neither this Agreement, Developer's Matchbox restaurants, nor the development rights granted hereby shall be sold, assigned or transferred by Developer, nor may the same be mortgaged, pledged or encumbered by Developer without the express prior written consent of Franchisor in its sole discretion, and any purported sale, assignment, transfer, mortgage, pledge or encumbrance thereof ("**Transfer**") without the prior written consent of Franchisor, shall be null and void. The issuance or transfer of any stock (including by way of any public stock offering), membership interest(s) or partnership interest(s) in Developer, or its merger, a consolidation or dissolution, if Developer is an Entity, shall be deemed a Transfer of this Agreement and of the development rights granted herein. Developer will not under any circumstances have the right to Transfer unexercised development rights under this Agreement unless the Transfer also includes the Transfer of all operating Matchbox restaurants owned by Developer and/or any Controlled Entity(ies).

7.2 Transfer to a Wholly Owned Business Entity. If Developer desires to Transfer this Agreement to an Entity wholly owned by Developer, where the ownership and management of Developer's Matchbox restaurants will not change, the requirements of Section 7.4 below shall apply to such a Transfer; however, Developer will not be required to pay a Transfer Fee (as defined in Section 7.4.9 below). Franchisor's consent also will be conditioned on the following: (1) the Entity must be newly organized; (2) prior to the Transfer, Franchisor must receive a copy of the documents specified in Section 5.4 and the transferee shall comply with the remaining provisions of Section 5; and (3) Developer must own all voting securities of the newly formed corporation (or membership interests of the newly formed limited liability company) or, if Developer is owned by more than one individual, each person shall have the same proportionate ownership interest in the corporation (or the limited liability company) as prior to the Transfer.

7.3 Franchisor's Right of First Refusal. In the event Developer, any stockholder, member or partner of a corporate, limited liability company or partnership Developer, or any legal heir or legatee of any deceased Developer, or of any deceased stockholder, member or partner of any corporate, limited liability company or partnership Developer, desires to effect any Transfer, Developer or such other authorized person or party shall give Franchisor written notice of all of the terms of any such bona fide offer within fifteen (15) days after receipt of such offer, including providing Franchisor with all other documents and data required prior to Franchisor approving the Transfer. Franchisor shall have the right of first refusal, for a period of thirty (30) days after receipt of such notice, to notify Developer or such other person or party of Franchisor's desire to exercise such option under the same terms and conditions as the aforesaid bona fide offer. If Franchisor fails to exercise such option in the time period allotted, then

Developer shall be free to contract with the person who made such bona fide offer solely on the same terms and conditions thereof, subject, of course, to Developer's compliance with all of the other terms and provisions of this Agreement including this Section 7. In the event the terms of such bona fide offer change, then Developer shall be obligated to re-offer the right of first refusal to Franchisor for an additional thirty (30) day period.

7.4 Conditions to Transfer. In addition to all of the other conditions stated in Sections 7.1, 7.2 and 7.3 of this Agreement, Developer hereby agrees that any and all rights of Transfer by Developer of this Agreement and the rights herein are conditioned upon compliance with each of the following:

7.4.1 Developer shall provide written notice to Franchisor of the proposed Transfer at least forty-five (45) days prior to the closing on the transaction;

7.4.2 Any such Transfer shall be subject to the approval by Franchisor of such transferee and of the moral and credit background of such transferee and any and all Owners thereof, which approval shall not be unreasonably withheld;

7.4.3 The transferee, and all Owners thereof if the transferee is an Entity, shall at Franchisor's option either personally assume in writing all of the obligations of Developer, past disclosed or undisclosed and under this Agreement, or execute Franchisor's then-current form of Development Agreement;

7.4.4 Developer, such transferee and any and all Owners thereof shall execute a general release in favor of Franchisor, its affiliates, owners, officers, directors, and employees of any and all claims and causes of action that they may have against Franchisor or its affiliates in any way relating to this Agreement or the performance or non-performance thereof by Franchisor;

7.4.5 All prior obligations and debts of Developer or the transferee owed to Franchisor under or in connection with this Agreement shall be paid concurrently with such assignment;

7.4.6 Developer must not be in default under this Agreement;

7.4.7 The transferee shall not be in the same business as Franchisor either as a franchisor, licensor, independent operator or franchisee of any chain or network which is similar in nature or in competition with Franchisor except that the transferee may be an existing developer or franchisee of Franchisor;

7.4.8 Prior to the effective date of the Transfer, the transferee must satisfactorily complete Franchisor's training program required of all new franchisees. Franchisor reserves the right to charge the transferee its per-diem training fee to cover the costs to provide the initial training program to the transferee. The transferee and will also be responsible for the salaries and benefits, travel expenses and other expenses incurred by all personnel attending the initial training program on their behalf;

7.4.9 Developer shall, prior to any such Transfer, pay to Franchisor a non-refundable transfer fee equal to Fifteen Thousand Dollars ($15,000) ("**Transfer Fee**") to reimburse Franchisor for its legal and accounting fees, credit investigation, training expenses, and other charges and expenses in connection with such Transfer. Developer shall pay the Transfer Fee in two (2) installments. The first installment in the amount of Five Thousand Dollars ($5,000) is due with Developer's request for approval of the Transfer, which shall be non-refundable even if Franchisor denies the assignment, transfer or sale. Developer shall pay the second installment in the amount of Ten Thousand Dollars ($10,000) upon closing on the transaction; and

7.4.10 Developer shall enter into an agreement with Franchisor agreeing to subordinate such transferee's obligations to Franchisor, including any royalty fees and marketing fund contributions due under the Franchise Agreements and any obligations of such transferee to make installment payments of the purchase price to Developer.

7.5 No Waiver of Claims. Franchisor's consent to a Transfer shall not constitute a waiver of any claims it may have against the transferor, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms or conditions of this Agreement by the transferee.

7.6 Public Offering.

7.6.1 In the event Developer shall, subject to the restrictions and conditions of Transfer contained in this Section 7, attempt to raise or secure funds by the sale of securities (including common or preferred stock, bonds, debentures or general or limited partnership interests) in Developer or any affiliates of Developer, Developer, recognizing that the written information used with respect thereto may reflect upon Franchisor, agrees to submit any such written information to Franchisor prior to its inclusion in any registration statement, prospectus or similar disclosure document or memorandum and to obtain the written consent of Franchisor to the method of financing prior to any offering or sale of such securities. For each proposed offering, Developer shall pay Franchisor a non-refundable fee in an amount equal to Franchisor's actual costs to reimburse Franchisor for its costs and expenses associated with reviewing the proposed offering, including legal and accounting fees. The written consent of Franchisor pursuant to this Section 7.6 shall not imply or constitute the approval of Franchisor with respect to the method of financing, the offering literature submitted to Franchisor or any other aspect of the offering. No information respecting Franchisor or any of its affiliates shall be included in any securities disclosure document, unless such information has been furnished by Franchisor, in writing, pursuant to the written request of Developer, in which Developer states the specific purpose for which the information is to be used. Should Franchisor, in its sole discretion, object to any reference to Franchisor or any of its affiliates or any of their businesses in such offering literature or prospectus, such literature or prospectus shall not be used unless and until the objections of Franchisor are withdrawn. Franchisor assumes no responsibility for the offering whatsoever. The prospectus or other literature utilized in any such offering shall contain the following language in bold-face type on the first textual page thereof:

> **"NEITHER TH MATCHBOX FRANCHISING LLC NOR ANY OF ITS AFFILIATES ASSUMES ANY RESPONSIBILITY WITH RESPECT TO THIS OFFERING AND/OR THE ADEQUACY OR ACCURACY OF THE INFORMATION PRESENTED HEREIN, INCLUDING ANY STATEMENTS MADE WITH RESPECT TO ANY OF THEM. NEITHER TH MATCHBOX FRANCHISING LLC NOR ANY OF ITS AFFILIATES ENDORSES OR MAKES ANY RECOMMENDATION WITH RESPECT TO THE INVESTMENT CONTEMPLATED BY THIS OFFERING."**

7.6.2 Developer and each of its owners agrees to indemnify, defend and hold harmless Franchisor and its affiliates, and their respective officers, directors, employees and agents, from any and all claims, demands, liabilities, and all costs and expenses (including reasonable attorneys' fees) incurred in the defense of such claims, demands or liabilities, arising from the offer or sale of such securities, whether asserted by a purchaser of any such security or by a governmental agency. Franchisor shall have the right (but not the obligation) to defend any such claims, demands or liabilities and/or to participate in the defense of any action to which Franchisor or any of its affiliates or any of their respective officers, directors, employees or agents is named as a party.

7.7 **Transfer Upon Death or Incapacity.** In the event of the death or permanent incapacity or disability of Developer's Operating Principal or any Owner of fifty percent (50%) or more of the equity interest of Developer, Developer may request Franchisor's consent to a Transfer of said ownership interest to the Owner's heirs, beneficiaries or family designees, (hereinafter referred to in this Section 7.7 as "**transferee**") without payment of a Transfer Fee, subject to the following conditions:

7.7.1 The transferee must complete, and be approved through, Franchisor's standard franchise selection process including satisfactorily demonstrating to Franchisor that the transferee meets the financial character and managerial criteria as Franchisor shall then be applying in considering applications for new franchisees;

7.7.2 The transferee shall agree, in writing, to personally assume liability for and to perform all the terms and conditions of this Agreement to the same extent as Developer; and

7.7.3 If the transferee is not approved, Developer or its legal representative shall use best efforts to transfer this Agreement and Developer's Matchbox restaurants to a party acceptable to Franchisor within twelve (12) months from the date of the Owner's death or permanent incapacity or disability. If the conveyance to a party acceptable to Franchisor has not taken place within the twelve (12) month period, then Franchisor may elect to terminate this Agreement.

7.8 **Acknowledgment of Restrictions.** Developer and Owners acknowledge and agree that the restrictions on Transfer imposed herein are reasonable and necessary to protect the System and the Marks, as well as the reputation and image of Franchisor, and are for the protection of Franchisor, Developer and all other developers and franchisees who own and operate Matchbox restaurants. Any Transfer permitted by this Section 7 will not be effective until Franchisor receives a completely executed copy of all Transfer documents and Franchisor consents to the Transfer in writing.

8. TERMINATION

8.1 **Termination Without Notice.** Developer will be deemed to be in default under this Agreement, and all rights granted to Developer in this Agreement will automatically terminate without notice to Developer, if Developer becomes insolvent or makes a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Developer or is filed against Developer and not opposed by Developer; if Developer is adjudicated as bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for Developer's business or assets is filed and consented to by Developer; if a receiver or other custodian (permanent or temporary) of Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law are instituted by or against Developer; if a final judgment against Developer remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); if Developer is dissolved; if execution is levied against Developer's business or property; if suit to foreclose any lien or mortgage against the premises or equipment of any Franchised Restaurant developed hereunder is instituted against Developer and not dismissed within thirty (30) days; or if the real or personal property of any Franchised Restaurant developed hereunder is sold after levy thereupon by any sheriff, marshal, or constable.

8.2 **Termination Without Cure Period.** Franchisor may terminate this Agreement and the rights granted by this Agreement upon written notice to Developer without an opportunity to cure upon the occurrence of any of the following events:

8.2.1 Developer fails to comply with the Development Schedule.

8.2.2 Developer voluntarily or otherwise abandons or ceases to operate any Franchised Restaurant developed hereunder.

8.2.3 Developer breaches any material provision, term or condition of this Agreement.

8.2.4 Developer or its owners, employees or independent contractors do business with third parties in violation of The Patriot Act and/or the Foreign Corrupt Practices Act.

8.2.5 Developer, Developer's Operating Principal, Multi-Unit Operator, or any Owner of Developer with at least twenty-five (25%) percent of any class of equity interest of Developer, is convicted of, or pleads no contest to, any felony charge, a crime involving moral turpitude, or any other crime or offense which in the opinion of Franchisor would adversely affect Franchisor, its affiliates, or the System.

8.2.6 Developer engages in any conduct or practice that, in the sole discretion of Franchisor, is detrimental or harmful to the good name, goodwill or reputation of Franchisor, the System, the Marks, or the public.

8.2.7 Franchisor discovers that Developer made a material misrepresentation or omitted a material fact in the information that was furnished to Franchisor in connection with its decision to enter into this Agreement.

8.2.8 A final judgment or the un-appealed decision of a court, regulatory officer, agency, or quasi-regulatory agency that results in the temporary or permanent suspensions or revocation of any permits or licenses, possession of which is a prerequisite to the development and operation of the Franchised Restaurants or is required under applicable law.

8.2.9 There is a material breach by Developer of any obligation under Section 12 (Covenants Not to Compete) of this Agreement.

8.2.10 Developer knowingly falsifies any report required to be furnished Franchisor or makes any material misrepresentation in its dealings with Franchisor or fails to disclose any material facts to Franchisor.

8.2.11 Any Transfer that requires Franchisor's prior written consent occurs without Developer having obtained that prior written consent.

8.2.12 Developer or an affiliated Entity: (1) remains in default beyond the applicable cure period under any other agreement with Franchisor or its affiliates (provided that, if the default is not by Developer, Franchisor shall provide to Developer written notice of the default and a fifteen (15) day period to cure the default); (2) remains in default beyond the applicable cure period under any real estate lease, equipment lease, financing instrument or supplier contract relating to a Franchised Restaurant; (3) fails to pay when due any taxes or assessments relating to a Franchised Restaurant or its employees, unless Developer is actively prosecuting or defending the claim or suit in a court of competent jurisdiction or by appropriate government administrative procedure or by arbitration or mediation conducted by a recognized alternative dispute resolution organization.

8.3 Termination Following Expiration of Cure Period. Except as otherwise provided in Sections 8.1 and 8.2 above, if Developer fails to maintain or observe any of the standards or procedures prescribed by Franchisor in this Agreement, Franchisor may only terminate this Agreement by giving Developer written notice of termination stating the nature of the default at least thirty (30) days before the

effective date of termination; provided, however, that Developer may avoid termination by immediately initiating a remedy to cure such default, curing it to Franchisor's satisfaction, and by promptly providing proof of the cure to Franchisor, all within the thirty (30) day period. If any such default is not cured within the specified time (or such longer period as applicable law may require), then this Agreement shall terminate without further notice to Developer effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require. Notwithstanding the foregoing, if Developer defaults in the payment of any monies owed to Franchisor when such monies become due and payable and Developer fails to pay such monies within five (5) days after receiving written notice of default (or such longer period as applicable law may require), then this Agreement shall terminate without further notice to Developer effective immediately upon the expiration of the five (5) day period or such longer period as applicable law may require.

8.4 Description of Default. The description of any default in any notice that Franchisor transmits to Developer will in no way preclude Franchisor from specifying additional or supplemental defaults under this Agreement or any related agreements in any action, proceeding, hearing or lawsuit relating to this Agreement or the termination of this Agreement.

8.5 Continuance of Business Relations. Any continuance of business relations between Developer and Franchisor after the termination or expiration of this Agreement will not constitute, and may not be construed as, a reinstatement, renewal, extension or continuation of this Agreement unless Developer and Franchisor agree in writing to any such renewal, extension or continuation.

8.6 Notice Required by Law. If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement or the parties to this Agreement limits Franchisor's rights to terminate this Agreement or requires longer notice or cure periods than those set forth above, then this Agreement will be considered modified to conform to the minimum notice, cure periods or restrictions upon termination required by such laws and regulations. Franchisor will not, however, be precluded from contesting the validity, enforceability or application of the laws or regulations in any action, proceeding, hearing or dispute relating to this Agreement or the termination of this Agreement.

9. OBLIGATIONS UPON TERMINATION OR EXPIRATION

9.1 Developer's Obligations; Reversion of Rights. Upon termination or expiration of this Agreement:

9.1.1 Developer shall have no further right to develop or open Franchised Restaurants in the Development Area, except that Developer shall be entitled to complete and open a Franchised Restaurant for which a Franchise Agreement has been fully executed. Termination or expiration of this Agreement shall not affect Developer's right to continue to operate Franchised Restaurants that were open and operating as of the date this Agreement terminated or expired.

9.1.2 The limited exclusive rights granted Developer in the Development Area shall terminate, and Franchisor shall have the right to operate or license others to operate Matchbox restaurants anywhere in the Development Area.

9.1.3 Developer and all persons and entities subject to the covenants contained in Section 12 shall continue to abide by those covenants and shall not, directly or indirectly, take any action that violates those covenants.

9.1.4 Developer immediately shall pay Franchisor and its affiliates all sums due and owing Franchisor or its affiliates pursuant to this Agreement.

9.1.5 Franchisor shall retain the Development Fee.

9.1.6 If this Agreement is terminated due to Developer's failure to meet the Development Schedule, Developer will, within ten (10) days of the effective date of termination, pay Franchisor damages in the amount of any unpaid Initial Franchise Fees owed pursuant to Section 3.2 regardless of whether Franchise Agreements have been signed for the applicable Franchised Restaurants. The foregoing will not limit Franchisor's rights under any Franchise Agreements between Franchisor and Developer.

9.2 Other Remedies. Nothing in this Section 9 will preclude Franchisor from seeking other remedies or damages under any state or federal law, common law, or under this Agreement against Developer including, but not limited to, attorneys' fees, and injunctive relief.

10. CONFIDENTIALITY

10.1 Receipt of Confidential Information. Developer acknowledges that prior to or during the term of this Agreement, Franchisor may disclose in confidence, either orally or in writing, certain trade secrets, know-how, and other confidential information relating to the System, Franchisor's business, Franchisor's vendor relationships, Franchisor's Matchbox restaurants, or the construction, management, operation, or promotion of Matchbox restaurants (collectively, "**Confidential Information**"), including (1) site selection criteria and methodologies; (2) methods, formats, systems, recipes, System standards, sales and marketing techniques, knowledge and experience used in developing and operating Matchbox restaurants; (3) marketing research and promotional, marketing, advertising, public relations, customer relationship management and other brand related materials and programs for Matchbox restaurants; (4) knowledge of specifications for and suppliers of, and methods of ordering, certain items that Matchbox restaurants use and/or sell; (5) knowledge of the operating results and financial performance of other Matchbox restaurants; (6) customer information, customer communication and customer retention programs, along with data used or generated in connection with those programs; and (7) any other information Franchisor reasonably designates from time to time as confidential or proprietary. "**Confidential Information**" does not include (a) information that is part of the public domain or becomes part of the public domain through no fault of Developer, (b) information disclosed to Developer by a third party having legitimate and unrestricted possession of such information, or (c) information that Developer can demonstrate by clear and convincing evidence was within Developer's legitimate and unrestricted possession when the parties began discussing the sale of the franchise.

10.2 Non-Disclosure of Confidential Information. Franchisor and its affiliates own all right, title, and interest in and to the Confidential Information. Developer will not, nor will Developer permit any person to, use or disclose any Confidential Information to any other person, except to the extent necessary for Developer's professional advisors and Developer's employees to perform their functions in the development of the Franchised Restaurants. Developer acknowledges that its use of the Confidential Information in any other business would constitute an unfair method of competition with Franchisor and Franchisor's franchisees. Developer will be liable to Franchisor for any unauthorized use or disclosure of Confidential Information by any employee or other person to whom Developer discloses Confidential Information. Developer will take reasonable precautions to protect the Confidential Information from unauthorized use or disclosure and will implement any systems, procedures, or training programs that Franchisor requires. Developer will require anyone who may have access to the Confidential Information to execute non-disclosure agreements in a form satisfactory to Franchisor that identifies Franchisor as a third-party beneficiary of such covenants with the independent right to enforce the agreement.

11. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION

A. Independent Contractor. The relationship between Franchisor and Developer is strictly that of a franchisor and franchisee, and Developer shall be deemed to be an independent contractor. This Agreement does not create a fiduciary or other special relationship between the parties. No agency, employment, or partnership is created or implied by the terms of this Agreement, and each party is not and shall not hold itself out as an agent, legal representative, partner, subsidiary, joint venturer, joint employer, or employee of the other for any purpose whatsoever. Neither this Agreement nor Franchisor's course of conduct is intended, nor may anything in this Agreement (nor Franchisor's course of conduct) be construed to state or imply that Franchisor is the employer of Developer's employees and/or independent contractors, nor vice versa. Developer shall have no right or power to, and shall not, bind or obligate Franchisor or its affiliates in any way or manner, nor represent that Developer has any right to do so.

11.1 Developer Has Full Responsibility. Developer recognizes that Franchisor has entered into this Agreement in reliance upon and in recognition of the fact that Developer will have full responsibility for the development and operation of the Franchised Restaurants and that the amount of profit or loss resulting from the development and operation of the Franchised Restaurants will be directly and solely attributable to the performance of Developer.

11.2 No Rights in the System, Marks, Etc. Developer recognizes that nothing contained in this Agreement shall be construed as giving to Developer or to any other person or entity any right or interest in Franchisor's names, Marks, trade secrets, methods, procedures or techniques developed by Franchisor and used in the System. Further, nothing contained in this Agreement shall be construed as limiting Franchisor's right, title or interest in the "Matchbox" name, Marks, trade secrets, methods, procedures and techniques which are a part of the System or Franchisor's sole and exclusive right to register trade secrets, methods, procedures and techniques.

11.3 Indemnification by Developer.

11.3.1 Developer and all guarantors of Developer's obligations under this Agreement shall, at all times, indemnify, defend (with counsel reasonably acceptable to Franchisor), and hold harmless (to the fullest extent permitted by law) Franchisor and its affiliates, and their respective successors, assigns, past and present stockholders, directors, officers, employees, agents and representatives (collectively "**Indemnitees**") from and against all "losses and expenses" (as defined below) incurred in connection with any action, suit, proceeding, claim, demand, investigation, inquiry (formal or informal), judgment or appeal thereof by or against Indemnitees or any settlement thereof (whether or not a formal proceeding or action had been instituted), arising out of or resulting from or connected with Developer's (or its employees') development and operation of the Franchised Restaurants and Developer's (or its employees') activities under this Agreement, excluding the gross negligence or willful misconduct of any Indemnitee. Developer promptly shall give Franchisor written notice of any such action, suit, proceeding, claim, demand, inquiry or investigation filed or instituted against Developer and, upon request, shall furnish Franchisor with copies of any documents from such matters as Franchisor may request.

11.3.2 At Developer's expense and risk, Franchisor may elect to assume (but under no circumstances will Franchisor be obligated to undertake), the defense and/or settlement of any action, suit, proceeding, claim, demand, investigation, inquiry, judgment or appeal thereof subject to this indemnification. Such an undertaking shall, in no manner or form, diminish Developer's obligation to indemnify and hold harmless Franchisor and Indemnitees. Franchisor shall not be obligated to seek recoveries from third parties or otherwise mitigate losses.

11.3.3 As used in this Section 11.3, the phrase "**losses and expenses**" shall include, but not be limited to, all losses; compensatory, exemplary and punitive damages; fines; charges; costs; expenses; lost profits; reasonable attorneys' fees; expert witness fees; court costs; settlement amounts; judgments; compensation for damages to Franchisor's reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

12. COVENANTS NOT TO COMPETE

12.1 Acknowledgements. Developer acknowledges and agrees that: (1) pursuant to this Agreement, Developer will have access to valuable trade secrets, specialized training and other confidential information from Franchisor and/or its affiliates regarding the development, operation, product preparation and sale, market and operations research, advertising and marketing plans and strategies, purchasing, sales and marketing methods and techniques owned by Franchisor and its affiliates; (2) the know-how regarding the System and the opportunities, associations and experience acquired by Developer pursuant to this Agreement are of substantial value; (3) in developing the System, Franchisor and its affiliates have made substantial investments of time, effort, and money; (4) Franchisor would be unable adequately to protect the System and its trade secrets and confidential and proprietary information against unauthorized use or disclosure and would be unable adequately to encourage a free exchange of ideas and information among operators of Matchbox restaurants if franchisees and developers were permitted to engage in the activities described in this Section 12 or to hold interests in the Competitive Businesses described in this Section 12; and (5) the restrictions on Developer's right to hold interests in, or perform services for, the Competitive Businesses described in this Section 12 will not unduly limit Developer's activities.

12.2 Covenants. Developer covenants and agrees that, except as Franchisor otherwise approves in writing, during the term of this Agreement, and for a continuous period of two (2) years following the expiration, transfer or termination of this Agreement, Developer will not, either directly or indirectly, for itself or through, on behalf of, or in conjunction with any person or legal entity:

12.2.1 Own, maintain, engage in, participate or have any interest in the operation of any "**Competitive Business**", which is defined as a full service restaurant business (1) offering American bistro fare; or (2) whose method of operation or trade dress is similar to that employed in the System. During the term of this Agreement, there is no geographical limitation on this restriction. Following the expiration, transfer or termination of this Agreement, this restriction shall apply to any Competitive Business located within the Development Area and any Competitive Business located within a ten (10) mile radius of any then-existing Matchbox restaurant; or

12.2.2 Divert or attempt to divert any present or prospective business or customer to any Competitive Business by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

12.2.3 The restrictions of Section 12.2.1 shall not be applicable to: (1) Matchbox restaurants operated by Developer; and (2) the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represents three percent (3%) or less of the number of shares of that class of securities issued and outstanding.

12.3 Owners and Employees. Developer's Owner(s) identified in Exhibit A that sign the Guarantee, Indemnification and Acknowledgement attached to this Agreement as Exhibit B will agree to be bound personally by the provisions of this Section 12, provided that, as to them, the time period in Section 12.2 will run from the expiration, termination, or transfer of this Agreement or from the termination

of the individual's relationship with Developer, whichever occurs first. At Franchisor's request, Developer must obtain signed agreements similar in substance to this Section 12 (including agreements applicable upon termination of a person's relationship with Developer) from any: (1) manager of a Franchised Restaurant; and (2) Developer's officers, directors, and Owners. Each agreement required by this Section 12.3 must be in a form Franchisor approves and specifically identify Franchisor as a third party beneficiary with the independent right to enforce the agreement. Franchisor's current form of Non-Disclosure and Non-Competition Agreement is attached to this Agreement as Exhibit C.

12.4 Failure to Comply. In the event Developer fails or refuses to comply with the in-term or post-term covenants of this Section 12, even if such failure or refusal is based upon a claim that the laws of any particular jurisdiction excuse such non-compliance or make the provision of this Section 12 unenforceable in whole or in part, and provided that the jurisdiction in which the Development Area is located permits, Developer hereby separately covenants and agrees that while this Agreement is in effect and for two (2) years after its transfer, expiration or termination, Franchisor shall have the right to require that all sales made in the operation of any business operated in violation of this Section 12 shall be reported to Franchisor and Developer agrees to pay Franchisor upon demand a weekly fee of Three Thousand Dollars ($3,000) without being deemed to revive, modify or expand this Agreement. The covenants of this Section 12 shall survive the termination or expiration of this Agreement.

12.5 Unenforceability of Covenants. The parties agree that the covenants contained in this Section 12 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 12 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any un-appealed final decision to which Franchisor is a party, Developer expressly agrees to be bound by any lesser covenant subsumed with the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated and made a part of this Section 12.

12.6 Injunctive Relief. Developer acknowledges that the foregoing restrictions are reasonable, are not vague or indefinite, and are designed to protect the legitimate business interests of Franchisor, and that in the event of a breach of covenants contained in this Section 12, the damage to Franchisor would be difficult to ascertain, and in addition to the damages payable to Franchisor under Section 12.4 for the breach of any or all of said covenants, Franchisor shall be entitled to seek injunctive and/or other equitable relief against the violation of any said covenants, together with reasonable attorneys' fees and costs without the requirement of posting a bond.

12.7 Enforceability. Covenants contained in this Section 12 shall be construed as severable and independent and shall be interpreted and applied consistent with the requirements of reasonableness and equity. Any judicial reformation of these covenants consistent with this interpretation shall be enforceable as though contained herein and shall not affect any other provisions or terms of this Agreement. If Developer or any other person bound by this Section 12 fails or refuses to abide by any of the foregoing restrictions on competition, and Franchisor obtains enforcement in a judicial proceeding, the obligations under the breached restriction will continue in effect for a period ending two (2) years after the date the person begins to comply with the order enforcing the restriction.

13. APPROVALS AND WAIVERS

13.1 Approvals. Whenever this Agreement requires Franchisor's prior approval or consent, Developer must make a timely written request to Franchisor, and Franchisor's approval or consent must be obtained in writing and signed by one of Franchisor's officers.

13.2 No Warranty. Franchisor makes no warranties or guarantees upon which Developer may rely and assumes no liability or obligation to Developer by providing any waiver, approval, consent, or suggestion to Developer in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

13.3 No Implied Waiver. No delay or failure by Franchisor to exercise any right reserved to Franchisor under this Agreement or to insist upon strict compliance by Developer with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, will constitute a waiver of Franchisor's right to exercise such right or to demand exact compliance by Developer with any of the terms hereof. Waiver by Franchisor of any particular default by Developer will not affect or impair Franchisor's rights with respect to any subsequent default of the same, similar, or a different nature. Acceptance by Franchisor of any payments due to Franchisor hereunder will not be deemed to be a waiver by us of any preceding breach by Developer.

14. NOTICES

Any and all notices that are required or permitted under this Agreement shall be in writing and shall be personally delivered, mailed in the United States mail, postage prepaid, certified mail, return receipt requested; or mailed via overnight courier, or by other means that affords the sender evidence of delivery, of rejected delivery, or attempted delivery to the respective parties at the addresses shown on the signature page of this Agreement (unless and until a different address has been designated by written notice to the other party). Any notices sent by personal delivery or next day delivery service shall be deemed given on the next business day after transmittal. Any notices sent by certified mail shall be deemed given on the third business day after the date of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days written notice of such change to the other party.

15. ENFORCEMENT

15.1 Acceptance by Franchisor; Applicable Law. This Agreement takes effect upon its acceptance and execution by Franchisor, and any claim or controversy arising out of, or relating to, rights and obligations of the parties under this Agreement and any other claim or controversy between the parties shall be governed, interpreted and construed under the laws of the Commonwealth of Virginia, which laws shall prevail in the event of any conflict of law. Nothing in this Section 15.1 is intended, or shall be deemed, to make any Virginia law regulating the offer or sale of franchises or the franchise relationship applicable to this Agreement if such law would not otherwise be applicable.

15.2 Choice of Forum. The parties agree that, to the extent any disputes cannot be resolved directly between them, Developer must file any suit against Franchisor only in the federal or state court having jurisdiction where Franchisor's principal offices are located at the time suit is filed. Franchisor may file suit in the federal or state court located in the jurisdiction where its principal offices are located at the time suit is filed, in the jurisdiction where Developer resides or does business, where the Development Area is, or where the claim arose. Developer consents to the personal jurisdiction of those courts over Developer and to venue in those courts.

15.3 Limitations of Actions. Except for payments owed by one party to the other, and unless prohibited by applicable law, any legal action or proceeding (including the offer and sale of a franchise to Developer) brought or instituted with respect to any dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted within a period of two (2) years after the initial occurrence of any act or omission that is the basis of the legal action or proceeding, whenever discovered.

15.4 **Rights are Cumulative.** No right or remedy conferred upon or reserved to Franchisor or Developer by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

15.5 WAIVER OF PUNITIVE DAMAGES, CLASS ACTION LAWSUITS AND JURY TRIAL.

15.5.1 **TO THE FULLEST EXTENT PERMITTED BY LAW, EACH PARTY WAIVES ANY RIGHT TO, OR CLAIM FOR, ANY CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER PARTY. THE PARTIES ALSO AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THEM, THE PARTY MAKING A CLAIM WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES, IF ANY.**

15.5.2 **THE PARTIES IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO BRING, OR BE A CLASS MEMBER IN, ANY CLASS ACTION SUITS.**

15.5.3 **THE PARTIES IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, AND/OR COUNTERCLAIM BROUGHT BY EITHER PARTY.**

15.6 **Injunctive Relief.** Developer recognizes that its failure to comply with the terms of this Agreement, including the failure to comply fully with all post-termination obligations, is likely to cause irreparable harm to Franchisor, its affiliates and the System. Therefore, Developer agrees that, in the event of a breach or threatened breach of any of the terms of this Agreement by Developer, Franchisor shall be entitled to injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance without showing or proving actual damages and without posting any bond or security. Any equitable remedies sought by Franchisor shall be in addition to, and not in lieu of, all remedies and rights that Franchisor otherwise may have arising under applicable law or by virtue of any breach of this Agreement.

15.7 **Attorneys' Fees.** In the event Franchisor is required to employ legal counsel or to incur other expenses to enforce any obligation of Developer hereunder, or to defend against any claim, demand, action or proceeding by reason of Developer's failure to perform any obligation imposed upon Developer by this Agreement, Franchisor shall be entitled to recover from Developer the amount of all reasonable attorneys' fees of such counsel and all other expenses incurred in enforcing such obligation or in defending against such claim, demand, action, or proceeding, whether incurred prior to or in preparation for or contemplation of the filing of such action or thereafter.

16. ENTIRE AGREEMENT

This Agreement, together with all exhibits and addenda attached hereto, constitutes the entire agreement between Franchisor and Developer with respect to the subject matter hereof, and this Agreement supersedes all prior and contemporaneous agreements between Franchisor and Developer in connection with the subject matter of this Agreement. Nothing in this or any related agreement, however, is intended to disclaim the representations made by Franchisor in the Franchise Disclosure Document that was furnished to Developer by Franchisor. In the event of any conflict between the terms of this Agreement and the terms of any Franchise Agreement, the terms of this Agreement shall prevail. No officer, employee or other servant or agent of Franchisor or Developer is authorized to make any representation, warranty or other promise not contained in this Agreement. No change, termination or attempted waiver of any of the

provisions of this Agreement shall be binding upon Franchisor or Developer unless in writing and signed by Franchisor and Developer.

17. SEVERABILITY AND CONSTRUCTION

17.1 Severability. Each section, part, term and provision of this Agreement shall be considered severable, and if, for any reason, any section, part, term or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation, such shall not impair the operation of, or affect the remaining portions, parts, terms or provisions of this Agreement, and the latter will continue to be given full force and effect and bind the parties hereto, and said invalid sections, parts, terms or provisions shall be deemed not to be a part of this Agreement, provided, however, that if Franchisor determines that said finding of illegality adversely affects the basic consideration of this Agreement Franchisor and Developer may terminate this Agreement.

17.2 No Implied Third Party Beneficiaries. Anything to the contrary herein notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity, other than Franchisor or Developer and such of their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under or by reason hereof.

17.3 Lesser Included Obligations. Developer expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law, which is subsumed within the terms of any provision hereof as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

17.4 Captions. All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

17.5 Approvals. Unless otherwise indicated or prohibited by applicable law, any act that requires Franchisor's approval, such approval shall be in Franchisor's sole and absolute discretion.

17.6 Counterparts. This Agreement may be signed in counterparts, signature pages may be exchanged by electronic transmission (including PDF), and each such counterpart, when taken together with all other identical copies of this Agreement also signed in counterpart, shall be considered as one complete agreement.

17.7 Gender and Number. All references to gender and number shall be construed to include such other gender and number as the context may require.

17.8 Headings. The paragraph headings in this Agreement are for convenience of reference only and shall not be deemed to alter or affect any provision thereof.

17.9 Time. Time is of the essence in this Agreement with respect to each and every provision in which time is a factor. Whenever this Agreement refers to a period of days, the first day to be counted shall be the first day following the designated action or event. For any period of five (5) or fewer days, only business days (excluding Saturdays, Sundays and national holidays) shall be counted. Unless expressly stated otherwise, any period longer than five (5) days shall be measured by calendar days, except that if the last day of any such period is not a business day, the period shall automatically be extended to the next business day.

17.10 **Construction**. In this Agreement, the words "include", "includes", and "including" shall be deemed to be followed by the phrase "without limitation".

17.11 **Survival of Obligations.** All obligations that expressly or by reasonable implication are to be performed, in whole or in part, after the expiration, termination, or assignment of this Agreement will survive expiration, termination, or assignment.

17.12 **References**. Each reference in this Agreement to a corporation or partnership also shall be deemed to refer to a limited liability company and any other entity or organization similar thereto if applicable. Each reference to the organizational documents, owners, directors, and officers of a corporation in this Agreement shall be deemed to refer to the functional equivalents of such organizational documents, owners, directors, and officers, as applicable, in the case of a limited liability company or any other entity or organization similar thereto if applicable.

17.13 **Best Interests of System.** Whenever Franchisor exercises a right and/or discretion to take or withhold an action, or to grant or decline to grant Developer a right to take or withhold an action, except as otherwise expressly provided in this Agreement, Franchisor can make its decision or exercise its discretion on the basis of Franchisor's judgment of what is in Franchisor's best interests. "Best interests" includes what Franchisor believes to be the best interests of the System at the time the decision is made or the right or discretion is exercised, even though (1) there may have been other alternative decisions or actions that could have been taken; (2) Franchisor's decision or the action taken promotes Franchisor's own financial interest; or (3) Franchisor's decision or the action may apply differently to different franchisees and/or to any Matchbox restaurants that Franchisor or its affiliates operate. In the absence of an applicable statute, Franchisor will have no liability to Developer for any such decision or action. If applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisor and Developer agree that the covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement.

18. DEVELOPER'S ACKNOWLEDGMENTS

18.1 **Legal and Business Rights and Risks.** This Agreement involves significant legal and business rights and risks. Franchisor does not guarantee Developer's success. Developer has read this Agreement in its entirety, conducted an independent investigation of the business contemplated by this Agreement, has been thoroughly advised with regard to the terms and conditions of this Agreement by legal counsel or other advisors of Developer's choosing, recognizes that the nature of the business conducted by Matchbox restaurants may change over time, has had ample opportunity to investigate all representations made by or on Franchisor's behalf, and has had ample opportunity to consult with Franchisor's current and former franchisees. The prospect for success of the business undertaken by Developer is speculative and depends to a material extent upon Developer's personal commitment, capability and direct involvement in the day-to-day management of the business.

18.2 **No Representation of Success.** Franchisor make no express or implied warranties or representations that Developer will achieve any degree of success in the development or operation of the Franchised Restaurants. Developer's success in the development and operation of the Franchised Restaurants depends ultimately on Developer's efforts and abilities and on other factors, including market and other economic conditions, Developer's financial condition and competition.

18.3 **Franchisor's Agreements with Third Parties.** Franchisor has entered, and will continue to enter, into agreements with other franchisees to operate Matchbox restaurants. The manner in which Franchisor enforces its rights and the franchisees' obligations under any of those other agreements shall not affect Franchisor's ability to enforce Franchisor's rights or Developer's obligations under this Agreement.

18.4 Franchisor's Right to Modify the System. Franchisor may change or modify the System, from time to time, and Developer will be required to make such expenditures as such changes or modifications in the System may require.

18.5 Franchise Application. All information that Developer provided to Franchisor in connection with Developer's franchise application and Franchisor's grant of this franchise is truthful, complete and accurate.

18.6 Signatories to this Agreement. The persons signing this Agreement on Developer's behalf have full authority to enter into this Agreement and the other agreements contemplated by the parties. Developer's execution of this Agreement or such other agreements does not and will not conflict or interfere with, directly or indirectly, intentionally or otherwise, with the terms of any other agreement with any other third party to which Developer or any owner is a party.

18.7 No Representations Other Than Franchise Disclosure Document. Developer acknowledges that Developer has conducted its own independent investigation concerning the purchase of a Matchbox restaurant franchise and Developer has not received from Franchisor or its affiliates or any of Franchisor's or their respective directors, officers, employees, agents, advisors or other representatives, or anyone acting on Franchisor's behalf, any representations other than those contained in Franchisor's Franchise Disclosure Document as inducements to enter this Agreement.

18.8 No Financial Performance Representations. Developer has not received from Franchisor or its affiliates or anyone acting on their behalf, any representation of Developer's potential sales, expenses, income, profit or loss other than the information included in Item 19 of Franchisor's Franchise Disclosure Document.

[The rest of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal as of the Effective Date.

FRANCHISOR:
TH MATCHBOX FRANCHISING LLC,
a Delaware limited liability company

By:_____

Print Name:_____

Title:_____

EFFECTIVE DATE: _____

Notice Address:
1741 Business Center Drive
Suite 200
Reston, Virginia 20190
Attn: Chief Executive Officer

DEVELOPER:

_____,
a(n) _____

By:_____

Print Name:_____

Title:_____

Date:_____

Notice Address: _____
_____

EXHIBIT A TO MATCHBOX RESTAURANT AREA DEVELOPMENT AGREEMENT

DEVELOPMENT INFORMATION

Developer:

Development Fee:

Development Area:

Developer's rights in the Development Area shall be subject to the limitations described in Section 1.2. Any political boundaries contained in the description of the Development Area shall be considered fixed as of the Effective Date and shall not change notwithstanding a political reorganization or a change in those boundaries. Unless otherwise specified, all street boundaries shall be deemed to include both sides of the street

Development Schedule:

Developer shall develop and continue to operate a minimum of _____ Franchised Restaurants in the Development Area, in accordance with the following schedule:

FRANCHISED RESTAURANT NUMBER	"REQUIRED OPENING DATE" BY WHICH FRANCHISED RESTAURANT MUST BE OPENED AND CONTINUOUSLY OPERATING IN THE DEVELOPMENT AREA	CUMULATIVE NUMBER OF FRANCHISED RESTAURANTS REQUIRED TO BE OPEN AND CONTINUOUSLY OPERATING IN DEVELOPMENT AREA AS OF DATE IN PRECEDING COLUMN
1		1
2		2
3		3
4		4
5		5

Form of Ownership. Developer is a _____ incorporated or formed on _____ in the state of _____.

Owners. The following list includes the full name of each person who is an owner of a legal or beneficial interest in Developer, and fully describes the nature of each owner's interest (attach additional pages if necessary).

Name	Home Address	Percentage and Description of Ownership Interest

Operating Principal as of the Effective Date:

Multi-Unit Operator as of the Effective Date:

APPROVED:

FRANCHISOR:
TH MATCHBOX FRANCHISING LLC,
a Delaware limited liability company

By:_____

Print Name:_____

Title:_____

Date: _____

DEVELOPER:

_____,
a(n) _____

By:_____

Print Name:_____

Title:_____

Date:_____

EXHIBIT B TO MATCHBOX RESTAURANT AREA DEVELOPMENT AGREEMENT

GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGMENT

(TO BE EXECUTED ONLY IF DEVELOPER IS AN ENTITY)

As an inducement to TH MATCHBOX FRANCHISING LLC ("**Franchisor**") to enter the Matchbox Area Development Agreement between Franchisor and _____ ("**Developer**"), dated _____ (the "**Agreement**"), the undersigned, jointly and severally, hereby unconditionally guarantee to Franchisor and Franchisor's successors and assigns that all of Developer's monetary obligations under the Agreement will be punctually paid and performed and that all monetary obligations will be punctually paid and performed.

Upon demand by Franchisor, the undersigned each hereby jointly and severally agree to immediately make each payment required of Developer under the Agreement and waive any right to require Franchisor to: (1) proceed against Developer for any payment required under the Agreement; (2) proceed against or exhaust any security from Developer; (3) pursue or exhaust any remedy, including any legal or equitable relief, against Developer; or (4) give notice of demand for payment by Developer. Without affecting the obligations of the undersigned under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Developer, or settle, adjust, or compromise any claims against Developer, and the undersigned each hereby jointly and severally waive notice of same and agree to remain and be bound by any and all such amendments and changes to the Agreement.

The undersigned each hereby jointly and severally agree to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney's fees, reasonable costs of financial and other investigation, court costs, and fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Developer to perform any obligation of Developer under the Agreement, any amendment thereto, or any other agreement executed by Developer referred to therein.

The undersigned each hereby jointly and severally acknowledge and expressly agree to be individually bound by all of the obligations contained in Sections 7 (Transfers by Developer), 9 (Obligations Upon Expiration or Termination), 10 (Confidentiality), 11.3 (Indemnification by Developer), and 12 (Covenants not to Compete) of the Agreement, and acknowledge and agree that this Guarantee does not grant the undersigned any right to use the Marks or System.

This Guarantee shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

Guarantor represents and warrants to Franchisor that neither Guarantor (including, without limitation, any and all of its employees, directors, officers and other representatives), nor any of its affiliates or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

Any and all notices required or permitted under this Guarantee shall be in writing and shall be personally delivered, in the manner provided under Section 14 (Notices) of this Agreement.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 15 (Enforcement) of the Agreement. This Guarantee shall be interpreted and construed under the laws of the Commonwealth of Virginia. In the event of any conflict of law, the laws of the Commonwealth of Virginia shall prevail (without regard to, and without giving effect to, the application of Virginia conflict of law rules).

IN WITNESS WHEREOF, the undersigned has signed this guarantee provision as of the date of this Agreement.

GUARANTOR(S)

_____
Signature

Printed Name:_____

Home Address:_____
_____

_____
Signature

Printed Name:_____

Home Address:_____
_____

_____
Signature

Printed Name:_____

Home Address:_____
_____

EXHIBIT C TO MATCHBOX RESTAURANT AREA DEVELOPMENT AGREEMENT

FORM OF NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

(to be signed by developer and its personnel)

THIS NON-DISCLOSURE AND NON-COMPETITION AGREEMENT (this "**Agreement**") is made this _____ day of _____, 20___, by and between _____ ("**Developer**"), and _____, who is an owner, officer, director, manager, supervisor, or a person in a managerial position with, Developer (the "**Member**").

RECITALS:

TH Matchbox Franchising LLC ("**Franchisor**") owns a format and system (the "**System**") relating to the establishment and operation of Matchbox restaurants.

Franchisor identifies Matchbox restaurants by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited to, the mark "MATCHBOX®" and such other trade names, service marks, and trademarks as Franchisor may hereafter designate for use in connection with the System (the **"Marks"**).

Franchisor and Developer have executed a Matchbox Area Development Agreement ("**Development Agreement**") granting Developer the right to develop Matchbox restaurants in the Development Area set forth in the Development Agreement under the terms and conditions of the Development Agreement.

Member, by virtue of his or her position with Developer, will gain access to certain of Franchisor's Confidential Information, as defined herein, and must therefore be bound by the same confidentiality and non-competition agreement that Developer is bound by.

NOW THEREFORE, IN CONSIDERATION of these premises, the conditions stated herein, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties agree as follows:

1. Confidential Information. Member shall not, during the term of the Development Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, entity, association, or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the business franchised thereunder which may be communicated to Member or of which Member may be apprised by virtue of Developer's operation under the terms of the Development Agreement. Any and all information, knowledge, know-how, and techniques which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement, except information which Member can demonstrate came to his or her attention before disclosure thereof by Franchisor; or which, at or after the time of disclosure by Franchisor to Developer, had become or later becomes a part of the public domain, through publication or communication by others.

2. Covenant Not to Compete.

(a) Member specifically acknowledges that, pursuant to the Development Agreement, and by virtue of his/her position with Developer, Member will receive valuable specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System.

(b) Member covenants and agrees that during the term of Member's employment with, or ownership interest in Developer, except as otherwise approved in writing by Franchisor, Member shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity:

(1) Own, maintain, operate, engage in, grant a franchise to, advise, help, make loans to, lease property to or have any interest in, either directly or indirectly, any "**Competitive Business"**, which is defined as a full service restaurant business: (a) offering American bistro fare; or (b) whose method of operation or trade dress is similar to that employed in the System; or

(2) Divert or attempt to divert any present or prospective business or customer to any Competing Business by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(c) During the term of Member's employment with or ownership interest in Developer, there is no geographical limitation on the restrictions contained in this Section 2. Member covenants and agrees that during the continuous uninterrupted period of two (2) years from the termination of Member's employment with and/or transfer of Member's ownership interest in Developer, except as otherwise approved in writing by Franchisor, Member shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity, own, maintain, operate, engage in, or have any interest in any Competing Business which is, or is intended to be, located within the Development Area and any Competitive Business located within a ten (10) mile radius of any then-existing Matchbox restaurant.

3. **Injunctive Relief**. Member acknowledges that any failure to comply with the requirements of this Agreement will cause Franchisor irreparable injury, and Member agrees to pay all costs (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement.

4. **Severability**. All agreements and covenants contained herein are severable. If any of them, or any part or parts of them, shall be held invalid by any court of competent jurisdiction for any reason, then Member agrees that the court shall have the authority to reform and modify that provision in order that the restriction shall be the maximum necessary to protect Franchisor's and/or Member's legitimate business needs as permitted by applicable law and public policy. In so doing, Member agrees that the court shall impose the provision with retroactive effect as close as possible to the provision held to be invalid.

5. **Delay**. No delay or failure by Franchisor or Developer to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right provided herein, and no waiver of any violation of any terms and provisions of this Agreement shall be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

6. **Choice of Law and Forum.** This Agreement and any claim or controversy arising out of, or relating to, rights and obligations of the parties under this Agreement and any other claim or controversy between the parties shall be governed by and construed in accordance with the laws of the state in which the Development Area is or was located without regard to conflicts of laws principles. The parties agree that, to the extent any disputes cannot be resolved directly between them, each party may file suit against the other party only in the federal or state court having jurisdiction where the Development Area is or was located. Each party consents to the personal jurisdiction of those courts over themselves and to venue in those courts.

7. **Third-Party Beneficiary**. Member hereby acknowledges and agrees that Franchisor is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with Developer.

IN WITNESS WHEREOF, Developer and Member attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on the date first written above.

DEVELOPER:	**MEMBER:**
_____	_____
By: _____	Name: _____
Name: _____	Date: _____
Title: _____	
Date: _____	

EXHIBIT D TO MATCHBOX RESTAURANT AREA DEVELOPMENT AGREEMENT

DISCLOSURE VERIFICATION FORM

You are preparing to enter into a Matchbox Area Development Agreement ("Development Agreement") with TH Matchbox Franchising LLC ("Franchisor"). The purpose of this Questionnaire is to confirm that you understand the terms of the Development Agreement and that no unauthorized statements or promises have been made to you. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

Franchise Applicant _____

Yes ___ No ___ 1. Have you received and reviewed the Matchbox Franchise Disclosure Document ("FDD") at least 14 calendar days, exclusive of the day you received it, before signing the Development Agreement and/or paying any monies to Franchisor?

Yes ___ No ___ 2. Have you signed and returned to Franchisor the acknowledgment of receipt for each FDD given you?

Yes ___ No ___ 3. Have you had an opportunity to read the Development Agreement and each of its attachments thoroughly and understand all of Franchisor's covenants and obligations and your covenants and obligations as a developer?

Yes ___ No ___ 4. Do you understand that the territorial rights you have been granted are subject to limitations and exceptions?

Yes ___ No ___ 5. Have you had an opportunity to consult with a lawyer, accountant, or other professional advisor prior to signing the Development Agreement or have you had the opportunity for such review and chosen not to engage such professionals?

Yes ___ No ___ 6. Do you understand the risks of owning a business and specifically the risks of owning a Matchbox restaurant franchise, and are you able to bear such risks?

Yes ___ No ___ 7. Do you acknowledge that the success of your franchise will depend primarily on your own skills, efforts and abilities and those of the persons you employ as well as many factors beyond your or Franchisor's control, including demographics, competition, local laws, lease terms, and other conditions which may be difficult or impossible to anticipate or identify may affect the success of your business?

Yes ___ No ___ 8. Except for negotiated changes that have been initiated by you, did you receive a complete copy of the Development Agreement at least seven calendar days before the date on which you signed the Development Agreement?

Yes ___ No ___ 9. Do you understand that all disputes or claims you may have arising out of or relating to the Development Agreement must be brought in the state where Franchisor has its principal place of business, if not resolved informally or by mediation?

Yes ___ No ___ 10. Do you agree that no employee or other person speaking on Franchisor's behalf made any statement or promise regarding the costs involved in operating a Matchbox restaurant franchise that is not contained in the Franchise Disclosure Document or that is contrary to or different from, the information contained in the in operating a Matchbox restaurant franchise that is not contained in the Franchise Disclosure Document?

Yes ___ No ___ 11. Do you agree that no employee or other person speaking on Franchisor's behalf made any promises, guarantees or assurances to you and provided no information to you relative to earnings, revenues, profits, expenses or projected revenues for a Matchbox restaurant franchise other than those contained in Item 19 of Franchisor's Franchise Disclosure Document?

Yes ___ No ___ 12. Do you understand that the Development Agreement and its attachments, contain the entire agreement between Franchisor and you concerning the Matchbox restaurant development opportunity, meaning any prior oral or written statements not set out in the Development Agreement will not be binding?

Yes ___ No ___ 13. Do you understand that Franchisor is relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws?

If you answered "No" to any question above, please explain your response(s) below:

_____

_____

_____

_____

_____

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO FRANCHISOR AND THAT FRANCHISOR WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

APPLICANT: _____

By: _____

Print Name: _____

Date: _____

EXHIBIT C

TRAINING PARTICIPATION AGREEMENT

TRAINING PARTICIPATION AGREEMENT

THIS AGREEMENT is made as of the date set forth on the last page of this Agreement by _____ ("Participant") in favor of and for the benefit of TH Matchbox Franchising, LLC ("Matchbox").

1. Purpose

Participant, who is an employee and/or owner of a Matchbox restaurant franchisee (the "Franchisee"), will attend and participate in training offered by Matchbox concerning the methods, techniques, and systems associated with operating a Matchbox restaurant (the "Training Program"). This Agreement addresses the confidential nature of the information that will be divulged to Participant in the Training Program.

Participant agrees that in exchange for being permitted to attend and participate in the Training Program, s/he will abide by the terms of this Agreement.

2. Confidential Information

A. Participant understands that during the Training Program and the course of her/his association with the Franchisee, Participant may be provided with or otherwise have access to non-public information that Matchbox considers to be of a confidential, proprietary, or trade secret nature. Among other things, this confidential, proprietary, and/or trade secret information may include details regarding Matchbox's business plan and related systems and processes, as well as other financial, business, and technical information, marketing, engineering and other plans, financial statements and projections, customer and supplier information, research, designs, plans, compilations, methods, techniques, processes, procedures, and know-how of Matchbox, whether in tangible or intangible form, and whether or not stored, compiled or memorialized physically, electronically, graphically, photographically, or in writing (together, all of the above are deemed to be "Confidential Information").

B. Participant agrees to treat all of the Confidential Information in a private and confidential manner. Participant agrees to maintain the privacy of the Confidential Information in a manner that is no less protective of that information than other private information concerning Participant, the Franchisee's business, and other similar sensitive information.

C. Participant agrees not to sell, transfer, publish, disclose, or otherwise use or make available any portion of the Confidential Information to third parties (except to employees of the Franchisee who clearly have a need-to-know the Confidential Information solely for the purpose of operating the Franchisee's Matchbox restaurant).

D. Participant understands and agrees that Matchbox owns all of the Confidential Information. Participant also understands and agrees that the Confidential Information may only be used for the specific purposes expressly authorized by this Agreement.

E. Participant understands and agrees that Matchbox is not granting to Participant any license to use Matchbox's intellectual property (for example, patents, trademarks, copyrights, domain names, and trade dress).

F. Upon the termination or expiration of this Agreement, or at Matchbox's request, Participant agrees to promptly destroy all of its copies of Confidential Information in its possession, or at Matchbox's request, to return the Confidential Information to Matchbox (in accordance with Matchbox's instructions).

3. General Terms.

A. Section headings in this Agreement are for reference only and shall not be construed as modifying any provisions of this Agreement.

B. This Agreement is the entire agreement between the parties concerning the subject matter and supersedes any prior agreements concerning the subject matter hereof. No amendment or modification of this Agreement shall be valid or binding on the parties unless made in a mutually executed writing.

C. The term of this Agreement shall be for: (i) the entire length of time that Participant is associated with Franchisee; and (ii) for an additional period of three (3) years after that association ends.

D. If any part of this Agreement is not valid or unenforceable, that shall not affect the validity or enforceability of the rest of this Agreement. Instead, the invalid or unenforceable provision shall be deemed to be amended to the minimum extent necessary to render it enforceable under applicable law while retaining to the maximum extent possible the intent and economic benefit of the original provision consistent with applicable law.

E. No delay or omission by Matchbox in exercising any right under this Agreement will operate as a waiver of that or any other right.

F. This Agreement is governed by and will be construed exclusively in accordance with the laws of the Commonwealth of Virginia (without regard to Virginia conflicts of law principles).

G. The parties agree agrees that all disputes arising under this Agreement will be heard only in the federal or state courts in the state in which Matchbox has its principal place of business at the time any proceeding relating to such matter is filed. The parties consent to venue in Fairfax County, Virginia, or such other county where the principal place of business of Matchbox is then located, and irrevocably and unconditionally waive any rights they may have to assert jurisdiction or venue in any other court, administrative forum, or other adjudicative body.

H. Participant acknowledges and agrees that its breach of this Agreement may cause irreparable injury to Matchbox, and that Matchbox may seek and obtain injunctive and other equitable relief against such breach.

I. Participant and Franchisee understands and agrees that Participant is not (and shall not be deemed to be) employed by Matchbox, and both Participant and Franchisee agree that they will not claim otherwise.

J. This Agreement may be executed in multiple counterparts, each of which when executed and delivered shall be deemed to be an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by electronic transmission (including an electronic signature platform such as DocuSign or the transmission of a scanned PDF document) shall be effective as delivery of a manually executed counterpart of this Addendum.

[Signature Page Follows.]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date noted below.

MATCHBOX:	**PARTICIPANT:**
TH MATCHBOX FRANCHISING, LLC, a Delaware limited liability company	_____
By: _____ Print Name: _____ Title: _____ Effective Date: _____	By: _____ Resident of: _____

EXHIBIT D

OPERATING MANUAL TABLE OF CONTENTS

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    3. Closing Manager Checklist
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    5. Closing Chef Checklist
    6. Area Director Routine
    7. Manager Schedule Template
    8. Prep List Template
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    12. Restroom Checklist
    13. Ops Bulletin Standards + Procedures
    14. Discount Categories
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    16. Pay Out Policy
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    18. Community Fundraising Program
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4. Support Attire Standards
5. Server Attire Standards
6. Hot + To-Go Attire Standards
7. FOH Manager Attire Standards
8. Bartender Attire Standards
9. Appearance Standards
10. Work Place Harassment Policy
11. House Policy
12. Tip Reporting
13. Responsible Alcohol Service Statement
14. Pay Policy
15. Matchbox Code of Ethics
16. ADP Card Information
17. HOH Hourly Performance Review
18. FOH Hourly Performance Review
19. HOH Hourly Performance Review in Spanish
20. ULTIPRO Changing Job + Salary
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22. ULTIPRO Assigning a Secondary Job

3. Hourly Trainee Materials

4. Hourly Trainer Materials

5. MIT Trainee Materials

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EXHIBIT E

LIST OF FRANCHISEES

LIST OF FRANCHISEES

FRANCHISED MATCHBOX RESTAURANTS IN OPERATION AS OF DECEMBER 25, 2022

Franchisee	Address	City	State	Zip	Phone
Matchbox Charlottesville, LLC	2055 Bond St. #180	Charlottesville	VA	22901	(434) 284-8874

LIST OF MATCHBOX RESTAURANT FRANCHISEES WHO SIGNED A FRANCHISE AGREEMENT BUT WERE NOT IN OPERATION AS OF AS OF DECEMBER 25, 2022

None

CERTAIN FORMER MATCHBOX RESTAURANT FRANCHISEES

The following franchisees had a Franchised Restaurant terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the fiscal year ended December 25, 2022:

None

EXHIBIT F

FINANCIAL STATEMENTS

TH Matchbox Franchising LLC

Financial Statements
For the Years Ended December 25, 2022,
December 26, 2021, and December 27, 2020

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.

TH Matchbox Franchising LLC

Financial Statements

For the Years Ended December 25, 2022, December 26, 2021, and December 27, 2020

TH Matchbox Franchising LLC

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Fax: 614-488-0095
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300 Spruce Street, Suite 100
Columbus, OH 43215

Independent Auditor's Report

To the Member
TH Matchbox Franchising LLC
Reston, Virginia

Opinion

We have audited the financial statements of TH Matchbox Franchising LLC (the Company), which comprise the balance sheets as of December 25, 2022, December 26, 2021, and December 27, 2020, and the related statements of operations and changes in member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 25, 2022, December 26, 2021, and December 27, 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

BDO USA, LLP

March 1, 2023

Financial Statements

TH Matchbox Franchising LLC

Balance Sheets

	December 25, 2022	December 26, 2021	December 27, 2020
Assets			
Current Assets			
Cash and cash equivalents	$ 126,603	$ 111,731	$ 111,731
Accounts Receivable	7,794	-	-
Total Assets	$ 134,397	$ 111,731	$ 111,731
Liabilities and Member's Equity			
Current Liabilities			
Accrued expenses	$ 13,428	$ 11,200	$ 6,600
Due to member	22,649	57,208	22,852
Deferred revenue, current portion	5,000	5,000	5,000
Total Current Liabilities	41,077	73,408	34,452
Long-term Liabilities			
Deferred revenue, net of current portion	29,583	34,583	39,583
Total Liabilities	70,660	107,991	74,035
Member's Equity	63,737	3,740	37,696
Total Liabilities and Member's Equity	$ 134,397	$ 111,731	$ 111,731

See accompanying notes to the financial statements.

TH Matchbox Franchising LLC

Statements of Operations and Changes in Member's Equity

Year Ended	**December 25, 2022**	December 26, 2021	December 27, 2020
Operating Revenue			
Royalty fees	**$ 81,010**	$ -	$ -
Franchise fees	**5,000**	5,000	5,000
Total Operating Revenue	**86,010**	5,000	5,000
Expenses			
Operating expenses	**-**	-	265
General and administrative expenses	**26,013**	38,956	22,587
Net Income (Loss)	**59,997**	(33,956)	(17,852)
Member's Equity, beginning of period	**3,740**	37,696	55,548
Member's Equity, end of period	**$ 63,737**	$ 3,740	$ 37,696

See accompanying notes to the financial statements.

TH Matchbox Franchising LLC

Statements of Cash Flows

Year Ended	**December 25, 2022**	December 26, 2021	December 27, 2020
Cash Flows From Operating Activities			
Net income (loss)	$ **59,997**	$ (33,956)	$ (17,852)
Increase in assets:			
Accounts receivable	**(7,794)**	-	-
(Decrease) increase in liabilities:			
Deferred revenue	**(5,000)**	(5,000)	(5,000)
Accrued expenses	**2,228**	4,600	-
Due to member	**(34,559)**	34,356	22,852
Net Cash Provided by Operating Activities	**14,872**	-	-
Net Increase in Cash and Cash Equivalents	**14,872**	-	-
Cash and cash equivalents, beginning of period	**111,731**	111,731	111,731
Cash and cash equivalents, end of period	$ **126,603**	$ 111,731	$ 111,731

See accompanying notes to the financial statements.

1. Summary of Significant Accounting Policies

Nature of Operations

TH Matchbox Franchising LLC (the Company) was organized as a Delaware limited liability company on July 1, 2019 (date of inception) for planned principal operations as a franchisor of Matchbox restaurants. The Company is a wholly-owned subsidiary of Thompson Matchbox Ventures LLC (TMV).

As of December 25, 2022, December 26, 2021, and December 27, 2020, there is one franchise agreement in place with one location opened. The Company's activities are subject to significant risks and uncertainties, including the ability to secure franchise agreements. See Note 4.

The Company focuses on franchising the rights, know how, recipes, and related merchandising for operating Matchbox restaurants.

Basis of Presentation

The accompanying financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP).

Reporting Period

The Company's fiscal year is the 52 or 53 week period ending on the last Sunday of December. These audited financial statements cover the years ended December 25, 2022 (2022), December 26, 2021 (2021), and December 27, 2020 (2020).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash deposits, and cash held in escrow. As of December 26, 2021 and December 27, 2020, the Company had $50,000 held in an escrow fund related to the matter discussed in Note 4. These funds were no longer restricted as of December 25, 2022.

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash. Cash and cash equivalents are maintained at financial institutions, and at times, balances may exceed federally insured limits. Management does not believe the Company is exposed to any unusual risk.

Accounts Receivable

Accounts receivable include royalty fees due from licensees. The Company reports receivables at net realizable value. Management determines the allowance for doubtful accounts based on historical losses, current expectations, and economic conditions. On a continuing basis, management analyzes delinquent receivables and, once these receivables are determined to be uncollectible, they will be written off through a charge against an allowance account. Management believes accounts receivable as of December 25, 2022 are fully collectible, therefore no allowance is recorded. For the years ended December 26, 2021 and December 27, 2020 there were no accounts receivable, therefore no allowance is recorded.

Franchising and Revenue Recognition

The Company recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of Topic 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to be entitled in exchange for those goods or services.

Initial Franchise Fees

In accordance with Accounting Standards Codification (ASC) 606, the initial franchise services, or exclusivity of the development agreements, are not distinct from the continuing rights or services offered during the term of the franchise agreement and are therefore treated as a single performance obligation. As such, initial franchise and development fees received, and subsequent renewal fees, are recognized over the franchise or renewal term, which is typically ten years.

Royalty Fees Revenue

Continuing royalty fees are generally provided for in the franchise agreements as a percent of franchise gross sales. Royalty revenues are recognized as income in the same period in which the franchisee's sales occur. Royalty fees recognized for the year ended December 25, 2022 were $81,010. During 2021 and 2020, the Company did not charge royalties to offer relief to its franchisee during the COVID-19 Pandemic.

Deferred Revenue

The Company's contract liability consists of fees from franchisees upon execution of their respective franchise agreements which is referred to as deferred revenue. The amounts received are recorded as deferred revenue until the Company satisfies requirements under the franchise agreements or upon cancellation of the franchise agreement by the Company due to a default as outlined in the agreement, or by permanent store closure. Revenue is recognized from these agreements as the underlying performance obligation is satisfied, which is on a straight-line basis over the term of the agreement, which 10 years. Incremental direct costs, such as commissions, are deferred and recognized over the life of the related term of the agreement.

The Company estimates revenue to be recognized in the future on the straight-line basis of $5,000 per year, until the contract term ends in 2029.

Income Taxes

The Company, with the consent of its member, has elected to be formed as a limited liability company. The Company is considered a disregarded entity for federal and state tax purposes. In lieu of paying taxes at the Company level, the member is taxed on the Company's taxable income. Therefore, no provision or liability for federal or state income taxes has been included in the financial statements.

The Company accounts for uncertainty in income taxes using the provisions of FASB ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than 50% likely of being realized upon settlement.

As of December 25, 2022, December 26, 2021, and December 27, 2020, the Company had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Additionally, the Company did not incur any interest or penalties related to income taxes.

Concentrations of Credit Risk

The Company is receiving a significant portion of its revenues from one franchisee, resulting in a significant concentration of revenue sources. During the years ended December 25, 2022, December 26, 2021, and December 27, 2020, 100% of revenues were earned from one franchisee.

Subsequent Events

The Company has evaluated events and transactions that occurred between December 26, 2022 and March 1, 2023, which is the date the financial statements were available to be issued for possible recognition or disclosure in the financial statements.

2. Related Party

On August 22, 2019, the Company entered into a non-exclusive perpetual license agreement with TMV for the use of the registered name Matchbox (License Agreement). The License Agreement may be terminated by the Company or TMV due to a material breach of any of its provisions. Under the Licensing Agreement, the Company has acquired the right to sell Matchbox franchises and collect franchise fees, royalties, and other fees, if needed, from the franchisees.

TMV paid certain operating expenses on behalf of the Company, amounting to $26,013, $38,956, and $22,852 for the years ended December 25, 2022, December 26, 2021, and December 27, 2020, respectively.

As of December 25, 2022, December 26, 2021, and December 27, 2020, TMV is due $22,649, $57,208, and $22,852, respectively, from the Company for certain operating expenses paid by on behalf of the Company.

3. Member's Equity

Ownership rights in the Company consist of a membership interest.

4. Commitments and Contingencies

The Company may at times be subject to lawsuits and other charges from customers and employees, which are typical within the industry.

In 2019, the Company inadvertently offered a franchise license without proper approval by the state of Virginia. The Company had performed actions that it believes will fully remediate this situation. However, the state of Virginia needed to approve of these actions and accept the remediation in order to accept the application for future franchises. During 2019, the Company received $50,000 in conjunction with the franchise license, which was included in cash and cash equivalents on the accompanying balance sheets. The Company had moved these funds to an escrow account until remediation with the state of Virginia was resolved.

During 2021, this matter was resolved with the state. There were no fines and penalties, or other related potential expenses related to this matter. The funds were released from the escrow account in January 2022.

EXHIBIT G

STATE FRANCHISE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS

We intend to register this disclosure document as a "franchise" in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free: (866) 275-2677	**NEW YORK** New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, New York 10005 (212) 416-8222
HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	**NORTH DAKOTA** North Dakota Securities Department State Capitol Department 414 600 East Boulevard Avenue, Fourteenth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	**RHODE ISLAND** Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	**SOUTH DAKOTA** Division of Insurance Securities Regulation 124 South Euclid Avenue, 2nd Floor Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	**VIRGINIA** State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051
MICHIGAN Michigan Attorney General's Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 335-7567	**WASHINGTON** Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	**WISCONSIN** Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a "franchise" in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states. 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 in some of the states listed.

CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free: (866) 275-2677	**NEW YORK** New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 (518) 473-2492
HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	**NORTH DAKOTA** North Dakota Securities Commissioner State Capitol Department 414 600 East Boulevard Avenue, Fourteenth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	**RHODE ISLAND** Director of Department of Business Regulation Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	**SOUTH DAKOTA** Division of Insurance Director of the Securities Regulation 124 South Euclid Avenue, 2nd Floor Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	**VIRGINIA** Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
MICHIGAN Michigan Attorney General's Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 335-7567	**WASHINGTON** Director of Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	**WISCONSIN** Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

EXHIBIT H

STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

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

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

STATES	EFFECTIVE DATE
Virginia	PENDING

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT I

RECEIPTS

RECEIPT
(RETURN ONE COPY TO US)

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 TH Matchbox Franchising, LLC. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If TH Matchbox Franchising, LLC. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit G.

The franchisor is TH Matchbox Franchising, LLC, located at 1741 Business Center Drive, Suite 200, Reston, VA 20190. Its telephone number is 703-757-5500.

The issuance date of this disclosure document is: March 9, 2023.

The name, principal business address and telephone number of each franchise seller offering the franchise is as follows: Alex Berentzen, Chief Operating Officer; Mumia Fatiu, Vice President of Operations; Nicole White, Director of Training and Development of TH Matchbox Franchising, LLC, 1741 Business Center Drive, Reston, VA 20190, (703) 757-5500.

TH Matchbox Franchising, LLC authorizes the agents listed in Exhibit G to receive service of process for it.

I have received a disclosure document dated March 9, 2023, that included the following Exhibits:

A	Franchise Agreement	F	Financial Statements
B	Area Development Agreement	G	State Franchise Administrators And Agents For Service Of Process
C	Training Participation Agreement		
D	Operating Manual Table Of Contents	H	State Effective Dates
E	List Of Franchisees	I	Receipts

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee:

_____
Print Name

_____

You may return the signed receipt by signing, dating and mailing it to TH Matchbox Franchising, LLC, 1741 Business Center Drive, Suite 200, Reston, VA 20190.

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