# FRANCHISE DISCLOSURE DOCUMENT

Mountain Mike's Pizza, LLC
A Delaware limited liability company
26 Corporate Plaza, Suite 180
Newport Beach, CA 92660
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The franchise offered is for the right to operate as a "Development Agent," which solicits and refers to us qualified prospective MOUNTAIN MIKE'S® restaurant franchisees located in particular geographic areas, and then provides ongoing supervision and assistance to those franchisees, in exchange for a fee and continuing commissions.

The total investment necessary to begin operation of a Mountain Mike's Development Agent business ranges from $61,750 to $563,750. This includes $50,000 to $500,000 that must be paid to the franchisor or affiliate.

This disclosure document summarizes certain provisions of your Development Agent Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Mountain Mike's Pizza, LLC, 26 Corporate Plaza, Suite 180, Newport Beach, CA 92660, (949) 200-7932.

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

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

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

Issuance date of this Franchise Disclosure Document: April ~~21, 2020~~16, 2021

## 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 D. |
| **How much will I need to invest?** | Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use. |
| **Does the franchisor have the financial ability to provide support to my business?** | Item 21 or Exhibit A includes financial statements. Review these statements carefully. |
| **Is the franchise system stable, growing, or shrinking?** | Item 20 summarizes the recent history of the number of company-owned and franchised outlets. |
| **Will my business be the only Mountain Mike's Development Agent business in my area?** | Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you. |
| **Does the franchisor have a troubled legal history?** | Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings. |
| **What's it like to be a Mountain Mike's Development Agent franchisee?** | Item 20 or Exhibit D 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 C.

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

## Special Risks to Consider About *This* Franchise

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

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

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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APPLICABLE STATE LAW MIGHT REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN AN ADDENDUM.

## Item 1
## THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

"MMP" means the franchisor, Mountain Mike's Pizza, LLC. "You" means the person to whom MMP grants development agent rights. If you are a corporation, limited liability company, or other entity, all of your owners must sign MMP's "Guaranty and Assumption of Obligations," which means all provisions of MMP's Development Agent Agreement (Exhibit B) also will apply to your owners. (See Item 15)

MMP is a Delaware limited liability company organized on February 22, 2017. Its principal business address is 26 Corporate Plaza, Suite 180, Newport Beach, CA 92660. If MMP has an agent in your state for service of process, MMP discloses that agent in Exhibit C. MMP operates under its corporate name and the service marks "Mountain Mike's®" Pizza and associated logo (the "Marks") and no other name. (See Item 13)

MMP's predecessor is Concept Acquisitions, LLC ("COAC"), a California limited liability company with its principal business address at 326 Evansdale Road, Lake Mary, Florida 32746. COAC offered franchises for restaurants operating under the "Mountain Mike's Pizza" name from approximately June 2000 to April 4, 2017, the date when MMP acquired substantially all of COAC's assets under an Asset Purchase Agreement (the "Transaction"). (MMP calls these restaurants, which are offered through a separate disclosure document, "Mountain Mike's® Pizza Restaurants"). COAC also offered franchises for Mountain Mike's development agent rights (which MMP offers through this disclosure document) on and off between 2004 and 2006, September 2010 and January 2011 and August 2016 and the date the Transaction closed.

When the Transaction closed, MMP became a wholly owned subsidiary of MMP Intermediate, LLC ("MMPIL"). MMPIL is a wholly owned subsidiary of MM Pizza Holdings, LLC ("MMPH"). MMPIL and MMPH are Delaware limited liability companies and their principal business address is 26 Corporate Plaza, Suite 180, Newport Beach, CA 92660.

Through common control with MMP's Co-Chief Executive Officers and Directors, Chris L. Britt and Edmond F. St. Geme, MMP is affiliated with SJB Brands, LLC ("SJB"), the franchisor of JUICE IT UP® juice bars. JUICE IT UP® juice bars feature fresh squeezed and cold-pressed bottled juices, smoothies and smoothie bowls, superfruit bowls, and complimentary snacks and beverages. SJB has been offering franchises for JUICE IT UP® juice bars since February 2018. As of December ~~29, 2019,~~31, 2020, there were ~~82~~79 franchised JUICE IT UP® juice bars in operation in the United States. SJB has never offered franchises in any other line of business. SJB's principal business address is ~~17915 Sky Park Circle~~24 Corporate Plaza, Suite ~~J, Irvine~~100, Newport Beach, CA ~~92614.~~92660.

MMP wholly owns MMP Regional Promotion Fund Inc. ("MMP Regional Fund") and MMP National Promotion Fund Inc. ("MMP National Fund"), both with principal business addresses at 26 Corporate Plaza, Suite 180, Newport Beach, CA 92660. MMP Regional Fund and MMP National Fund currently maintain and administer regional and advertising funds for MMP's franchisees of Mountain Mike's® Pizza Restaurants (which MMP offers through a separate disclosure document). Other than MMP Regional Fund and MMP National Fund, MMP has no affiliates that provide products or services to MMP's franchisees.

Except as described above, MMP has no other parents, predecessors of affiliates that must be included in this Item.

**The Franchise Offered**

MMP grants franchises (through a separate disclosure document) for Mountain Mike's® Pizza Restaurants. Mountain Mike's® Pizza Restaurants feature pizza but also sell other food products. Franchisees offer most of their food products and services at the Mountain Mike's® Pizza Restaurant itself, although they may provide catering and certain delivery services away from the Mountain Mike's® Pizza Restaurant's premises if MMP approves them to offer catering and delivery services. MMP has offered franchises for Mountain Mike's® Pizza Restaurants since the Transaction closed on April 4, 2017. MMP currently does not operate any Mountain Mike's® Pizza Restaurants.

This disclosure document offers franchises for Development Agent businesses ("Businesses") in which the Development Agent ("Development Agent") acts as a sales representative within a defined geographic area ("Territory") to solicit and identify prospective franchisees, to assist in locating and securing sites for Mountain Mike's® Pizza Restaurants within that Territory, and to provide additional support before, during, and after the Restaurants open. The Development Agent performs these functions at MMP's direction. You will operate under MMP's Development Agent Agreement (Exhibit B) (the "DAA"). As a Development Agent, you must—during each year of the DAA term—solicit a minimum number of new franchisees, and assist those franchisees in opening a minimum number of franchised Mountain Mike's® Pizza Restaurants, in your Territory ("Development Schedule"). You must own and operate at least 1 Mountain Mike's® Pizza Restaurant in your Territory during the entire DAA term. If you do not already do so, you must acquire a Restaurant franchise, which MMP offers in a separate disclosure document, and begin operating that Restaurant before you begin performing your obligations under the DAA.

MMP grants all Mountain Mike's® Pizza Restaurant franchises in your Territory. MMP and the franchisee sign the Franchise Agreement. You are not a party to, and have no rights under, the Franchise Agreement. Once MMP grants a franchise in your Territory (whether or not you solicited that franchisee), you also must assist (at MMP's direction) in site selection, Restaurant construction and development, and then pre-opening, opening, and post-opening support. Those are the functions you serve as a Development Agent. In exchange for your franchise solicitation and Restaurant development and support services, MMP pays you (if you are complying with your obligations) a portion of the initial franchise fee, royalties, and certain other fees it receives from franchisees operating Mountain Mike's® Pizza Restaurants in your Territory. MMP describes these payments, and the conditions you must satisfy, in Item 11.

MMP has offered franchises for Mountain Mike's development agent rights since the Transaction closed on April 4, 2017. MMP has never operated a Development Agent Business or, except for the Mountain Mike's® Pizza Restaurant franchises described earlier in this Item 1, offered franchises in any line of business. MMP has no other business activities.

Competition and Industry Regulations

In operating as a Development Agent in your Territory, you will compete with restaurant chains and other concepts, whether or not selling the same types of products, for the sale of franchises and for suitable sites. The market for restaurant franchises is well-developed in most geographic areas. The pizza restaurant business is highly competitive and often affected by changes in taste, eating habits, and local and national economic conditions. The principal bases of competition are quality and price of food products offered, but name identification, site selection, speed of service, advertising, and attractiveness of facilities also are important. Mountain Mike's® Pizza Restaurants compete with other pizza restaurants, including franchised and non-franchised national and regional restaurant chains, and other types of food service operations, including grocery stores offering frozen and prepared foods and convenience stores serving hot food. Your Business is not a seasonal business.

You must comply with all federal and state laws regulating the offer and sale of franchises and the franchise relationship. There are no other regulations specific to the operation of a Development Agent Business, although you must comply with all local, state, and federal laws that apply generally to all businesses. You should investigate all these laws.

## Item 2
## BUSINESS EXPERIENCE

Co-Chief Executive Officer and Director: Chris L. Britt

Mr. Britt has been a Co-Chief Executive Officer and Director of MMP since the Transaction closed in April 2017. Mr. Britt has also been the Managing Member of Britt Private Capital, LLC since April 2017, a Managing Partner of Marwit Capital, Marwit Investment Management, LLC and related entities since 1994, and the Co-Chairman and Chief Financial Officer of SJB Brands, LLC (d/b/a JUICE IT UP®) since February 2018. All positions are based in Newport Beach, California.

Co-Chief Executive Officer and Director: Edmond F. St. Geme

Mr. St. Geme has been a Co-Chief Executive Officer and Director of MMP since the Transaction closed in April 2017. Mr. St. Geme has also been the Co-Chairman and Treasurer of SJB Brands, LLC (d/b/a JUICE IT UP®) since February 2018, the Managing Member of Jupiter B-II LLC since December 2012, the Managing Member of Jupiter B-III LLC since May 2019, and the Managing Member of Jupiter Holdings LLC since October ~~1997, and the Co-Chairman and Treasurer of SJB Brands, LLC (d/b/a JUICE IT UP®) since February 2018.~~1997. All positions are based in Newport Beach, California.

President and Chief Operating Officer: Jim Metevier

Mr. Metevier has been MMP's President and Chief Operating Officer since September 2018. From August 2015 to September 2016, he served as President for Biscuitville, Inc., based in Greensboro, North Carolina, and from June 1992 to April 2014, he served as Chief Operating Officer and in various other roles for Yum Brands, Inc., based in Louisville, Kentucky.

Director: Matt Frankel

Mr. Frankel has been a Director of MMP since the Transaction closed in April 2017. He has been ~~a~~Managing Partner of Levine Leichtman Capital Partners, Inc. in Beverly Hills, California since ~~January 2018, with which he~~July 2020. Mr. Frankel has been a Partner of Levine Leichtman Capital Partners, Inc. since January 2018 and has been associated since February 2010

Vice President of Marketing: Carol DeNembo

Ms. DeNembo has been the Vice President of Marketing of MMP since August 2018. From April 2015 to March 2018, she was Balboa Brands, Inc.'s Vice President of Business Development, from November 2014 to March 2016, she was Balboa Brands, Inc.'s Vice President of Marketing, and from February 2010 to November 2014, she was Balboa Brands, Inc.'s Sr. Director of Business Development & Marketing. All positions with Balboa Brands, Inc. were based in Irvine, California.

Vice President of Finance: John Scott

Mr. Scott has served as our Vice President of Finance since July 2019. From February 2015 to July 2019, he served as Vice President of Finance for Pieology Pizzeria in Rancho Santa Margarita, California.

Vice President of Restaurant Development: Yvette Pettit

Ms. Pettit has served as our Vice President of Restaurant Development since June 2019. From July 2014 to June 2019, she was Director of Operations at Franchise Management Group in Sacramento, California.

Vice President of Operations: Steven Adyani

Mr. Adyani has served as our Vice President of Operations since March 2020. From September 2018 to February 2020, he was the General Manager of The Guild Hotel in San Diego, California. From December 2016 to January 2018, he was Vice President of Operations for Gordon Ramsay Restaurants in London, England. From November 2014 to May 2016, Mr. Adyani was Vice President of Restaurants for the Compass Group in Chicago, Illinois.

Vice President, Development: Garrett Snyder

Mr. Snyder has served as our Vice President, Development since July 2020. From January 2018 to April 2020, he was Director of Real Estate for Blaze Pizza, LLC in Pasadena, California. From March 2013 to December 2017, he was Director of Real Estate for Nekter Juice Bar Inc. in Santa Ana, California.

Senior Franchise Recruitment Manager: Corey Bowman

Mr. Bowman has been a Senior Franchise Recruitment Manager with Franchise Performance Group since January 2020 in Boise, Idaho. In this role, he serves as a franchise recruiter for us and SJB. He also has been the Director of Franchise Development for Ice House America since May 2018 in Boise, Idaho. From May 2017 to May 2018, he was a Business Process Consultant for Best Bath, Inc. in Caldwell, Idaho. From April 2014 to December 2016, he served as President of Franchise Operations for Pita Pit USA Inc. in Coeur d'Alene, Idaho.

## Item 3
## LITIGATION

Franchisor initiated action for enforcement of post-termination obligations:

Mountain Mike's Pizza, LLC v. KKR Foods, Inc., Kamwal Singh Khera, Makkhan Singh Rakkar, Rakesh M. Kumar, Khn Foods, Inc., and Ritu K. Khera, Case No. 3:20-cv-00304-MMD-CLB, U.S. District Court for the District of Nevada, filed May 22, 2020.

No other litigation is required to be disclosed in this Item.

## Item 4
## BANKRUPTCY

Our Vice President of Operations, Steve Adyani, filed for personal bankruptcy on December 15, 2016 in the United States Bankruptcy Court, Southern District of California under case number 16-07560-LA7. The personal bankruptcy was related to family medical debt, and was discharged on March 14, 2017.

Other than disclosed above, no bankruptcy proceedings are required to be disclosed in this Item.

## Item 5
## INITIAL FEES

You must pay MMP an initial fee when you sign the DAA. The initial fee will be equal to $0.10 for each person in your proposed Territory. (Development Agent territories generally range from 500,000 to 5 million in population.) MMP may, in certain limited circumstances, allow the initial fee to be paid in installments. This payment is not refundable under any circumstances.

## Item 6
## OTHER FEES

| Column 1<br><br>Type of Fee[1] | Column 2<br><br>Amount | Column 3<br><br>Due Date | Column 4<br><br>Remarks |
|---|---|---|---|
| Renewal | $50,000 | When you sign MMP's then current form of DAA for renewal/successor term | |
| Advertising and Marketing Materials | Reimbursement of reasonable and proportionate costs | As incurred | Due if MMP develops and/or procures and supplies to you franchise sales advertising, promotional materials, conferences and events, franchise development and relationship management technologies |
| Advertising for Prospective Franchisees | On an annual basis, at least the greater of 2% of your previous year's revenue from operating under the DAA or $15,000 | Monthly | While you do not currently pay these amounts to MMP, MMP may in the future reduce amounts it must pay you on a monthly basis under the DAA by these amounts to pay for advertising for prospective franchisees. |
| Indemnification | Will vary under circumstances and depends on nature of underlying claim | As incurred | You must reimburse MMP if it is held liable for claims from your Business's operation or incurs costs to defend them |
| Product and Service Purchases | See Item 8 | See Item 8 | You must buy certain products and services from designated and approved suppliers and/or under MMP's |

| Column 1<br><br>Type of Fee[1] | Column 2<br><br>Amount | Column 3<br><br>Due Date | Column 4<br><br>Remarks |
|---|---|---|---|
| | | | standards and specifications |
| Costs and Attorneys' Fees | Will vary under circumstances and depends on your non-compliance | As incurred | Due when you do not comply with DAA |
| Reduction of Fees Payable | As incurred | As incurred | MMP may reduce amounts it must pay you under DAA by (1) any amounts you owe MMP, (2) your proportionate share of expenses MMP incurs with third parties to collect amounts due from franchisees, (3) amounts MMP pays based on your or your employees' actions, and (4) your proportionate share of any legal and accounting fees and expenses incurred by MMP in connection with completing new franchise agreements, transfers and/or renewals, and/or enforcing MMP's rights under its franchise agreements and related documents. |
| Refund to Franchisees | Varies under circumstances | As incurred | MMP may deduct from the amounts it owes you your respective share of amounts MMP refunds to franchisees |

| Column 1<br><br>Type of Fee[1] | Column 2<br><br>Amount | Column 3<br><br>Due Date | Column 4<br><br>Remarks |
|---|---|---|---|
| Registration Costs | Varies under circumstances | As incurred | MMP may charge you for costs associated with the franchise regulatory process, including the costs of preparing and registering documents under applicable franchise laws to authorize your activities under the DAA |
| Transfer | Subject to MMP's agreement with you | As incurred | You have no right to transfer the DAA or an ownership interest in you. If MMP agrees to approve a proposed transfer, it may require you or the transferee first to satisfy various conditions, including payment of a negotiated transfer fee |
| Insurance Premiums | Varies under circumstances but not exceeding $7,000 | As incurred | MMP may obtain required insurance for you if you fail to do so; you must reimburse MMP's costs |
| Re-Inspection Fee | Currently $250 | As incurred | If your business fails an inspection, as set forth in the standards and guidelines MMP issues, MMP reserves the right to charge you a fee to reimburse MMP for its costs of conducting an additional inspection. |

| Column 1<br><br>Type of Fee[1] | Column 2<br><br>Amount | Column 3<br><br>Due Date | Column 4<br><br>Remarks |
|---|---|---|---|
| Non-Compliance Fee | $500 to $2,000 for deviations from operational requirements | Within 5 days of receiving notice from MMP | Due, at MMP's option, if you deviate from MMP's requirements for operations. This compensates MMP for administrative and management costs, not for MMP's damages due to your default. MMP may charge you $500 for each deviation. If MMP discovers the same (or a substantially similar) deviation on 1 or more consecutive, subsequent visits to or inspections of your business, MMP may charge $1,000 for 1st repeat deviation and $2,000 for second and each subsequent repeat deviation. |

1/ Except for product and service purchases described in Item 8, all fees are imposed and collected by and payable to MMP. All fees currently are uniformly imposed. No fee is refundable.

2/ Development Agents do not participate in or contribute to any advertising cooperatives unless they also own Mountain Mike's® Pizza Restaurants operating in a geographic area with an active advertising cooperative.

## Item 7
## ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

| Column 1<br><br>Type of expenditure* | Column 2<br><br>Amount | Column 3<br><br>Method of payment | Column 4<br><br>When due | Column 5<br><br>To whom payment is to be made |
|---|---|---|---|---|
| Initial Development Agent Fee[1] | $50,000 - $500,000 | Lump Sum | At signing of DAA | MMP |
| Insurance (3 months)[2] | $1,750 | As arranged | As incurred | Insurer |
| Office space and Office Improvements[3] | $0 - $5,000 | As arranged | As incurred | Landlord |
| Professional Fees | $5,000 | As arranged | As incurred | Suppliers |
| Miscellaneous Supplies | $0- $2,000 | As arranged | As incurred | Suppliers |
| Additional Funds[4] — 3 months | $5,000 - $50,000 | As arranged | As incurred | Third Parties |
| Total Estimated Initial Investment | $61,750 - $563,750 | | | |

*No payment above is refundable. This investment does not include the estimated initial investment of acquiring a Mountain Mike's® Pizza Restaurant franchise. You must always own and operate at least 1 Mountain Mike's® Pizza Restaurant in your Territory during the DAA term. MMP discloses the Mountain Mike's® Pizza Restaurant franchise opportunity in a separate disclosure document.

Explanatory Notes

1. MMP describes the initial development agent fee in Item 5. MMP may, in certain limited circumstances, allow the initial fee to be paid in installments.

2. This estimates the cost of your first quarterly insurance premium.

3. You must maintain an office in the Territory from which you conduct your Business. This office must be at a location suitable to conduct your business in the Territory and be approved by MMP. MMP has no specific standards or size requirements for your office space other than it must enable you to solicit and efficiently service Mountain Mike's® Pizza Restaurants located in the Territory.

4. This estimates the funds needed to cover your initial expenses for the first 3 months of operation (other than the items identified separately in the table). It includes payroll costs, miscellaneous supplies, and start-up marketing and advertising costs but not any draw or

salary for you. However, this amount is only an estimate, and it is possible you will need additional working capital during the first 3 months you operate your Business and for a longer period afterward. This 3-month period is not intended, and should not be interpreted, to identify a point at which your Business will break even. MMP cannot guarantee when or if your Business will break even. Your costs depend on your management skill, experience, and business acumen; local economic conditions; the prevailing wage rate; competition; and your ability to solicit, establish, and service franchisees. MMP has relied on its and its principals' many collective years of experience in the restaurant franchising industry to compile this Additional Funds estimate. You should review all figures in this Item 7 carefully with a business advisor before deciding to acquire a franchise for the Business. Neither MMP nor its affiliates offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions. The estimate does not include any finance charge, interest, or debt service obligation.

## Item 8
## RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must establish and operate your Business in compliance with your DAA and the standards and specifications MMP gives you. You may not offer or sell any unauthorized products or services through your Business. The focus of your Business is to promote the sale of Mountain Mike's® Pizza Restaurant franchises and service the franchisees in your Territory, all in compliance with MMP's requirements. If you want to offer or sell any products or services other than those MMP approves, you first must notify MMP in writing. You must submit sufficient information so MMP can determine whether the proposed products or services meet its specifications. MMP will notify you in writing within a reasonable time (typically 30 days) whether the products or services meet its specifications. MMP does not charge a fee for this review. MMP may withhold its approval of any new products or services for any reason. MMP may revoke any previously-granted approval at any time and for any reason. MMP may limit the activities in which you engage, and the types of transactions you conduct, with its franchisees.

You must use only written and on-line materials, franchise agreements, franchise disclosure documents, sales materials, advertising, training manuals, computer system, and supplies complying with MMP's standards and specifications and/or obtained through suppliers MMP designates or approves. Currently, MMP is the only approved supplier of franchise agreements, franchise disclosure documents, and training manuals for use by Development Agents. MMP is not an approved supplier of any other item or service for use by Development Agents. The costs of supplies or services purchased according to MMP's standards and specifications represent less than 5% of your total purchases to establish and then operate your Business. You must stop using and distributing franchise agreements, franchise disclosure documents, advertising, and training manuals immediately on notice from MMP if MMP determines they must be updated. MMP may modify Mountain Mike's® Pizza standards and specifications with notice to you. Except as provided above, there are no goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Business that you currently must buy or lease from MMP (or an affiliate) or designated suppliers. MMP's officers currently do not own an interest in any unaffiliated suppliers.

MMP does not maintain a list of approved suppliers or criteria for approving suppliers for, or issue standards and specifications for suppliers of, Development Agent Businesses. Except for items you may obtain only from MMP or other suppliers MMP designates, any supplier who can provide materials or supplies meeting MMP's requirements is, in effect, an approved supplier with whom you may deal. MMP has no purchasing or distribution cooperatives for Development Agent Businesses. MMP does not receive payments from third parties from whom you will buy items, although MMP reserves the right to receive payment in the future. MMP does not negotiate purchase arrangements with suppliers for the benefit of Development Agents. MMP does not provide material benefits to you (for example, renewal of your Development Agent rights) for purchasing particular products or using particular suppliers.

There currently is no marketing or advertising fund established for Development Agent Businesses. All marketing and promotion of franchises through your Business must conform to MMP's standards and specifications. You must send MMP for prior approval samples of all advertising and promotional materials you want to use that MMP did not prepare or previously approve. MMP typically will approve or disapprove these materials within 10 days. You may not use any advertising or promotional materials MMP has not approved or has disapproved. Certain states require the filing of franchise sales advertising materials with the appropriate state agency prior to dissemination. You must assist MMP in complying with those filing requirements at your own expense.

During its ~~2019~~2020 fiscal year (ending on December 31, ~~2019~~2020), MMP neither sold products or services directly to franchised Development Agents, nor received payments and/or licensing fees from designated and approved suppliers on account of purchases by franchised Development Agents in their capacities as Development Agents of required and approved items from those suppliers.

You must maintain the types and minimum amounts of insurance coverage MMP periodically requires, including general liability and errors and omissions insurance. MMP's current insurance requirements for Development Agents are $3 million of general liability insurance and $1 million of automobile liability insurance coverage (for bodily injury and property damage). If you do not buy required insurance, MMP may obtain insurance for you, and you must reimburse MMP's costs. All insurance policies you obtain must name MMP and any affiliates it designates as additional insureds and give all of them at least 30 days' prior written notice of termination, amendment, or cancellation. You also must give MMP certificates of insurance evidencing your insurance coverage before you begin operating your Business and each year when your policies renew.

## Item 9
## FRANCHISEE'S OBLIGATIONS

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

| Obligation | Section in agreement | Disclosure document item |
|---|---|---|
| (a) Site selection and acquisition/lease | Not Applicable | Not Applicable |
| (b) Pre-opening purchases/leases | 2C and D of Development Agent Agreement | 7 and 8 |
| (c) Site development and other pre-opening requirements | 2A(3) and (8), B, C, and D of Development Agent Agreement | 7, 8, 11, and 15 |
| (d) Initial and ongoing training | 2A(3) and (8) of Development Agent Agreement | 7 and 11 |
| (e) Opening | 2H of Development Agent Agreement | 11 |
| (f) Fees | 2A(3), C, and D, 3A and D, 7B, 8C, 10C, and 11C of Development Agent Agreement | 5, 6, and 7 |
| (g) Compliance with standards and policies/operating manual | 2A, D, and G of Development Agent Agreement | 8 and 11 |
| (h) Trademarks and proprietary information | 4 and 5 of Development Agent Agreement | 13 and 14 |
| (i) Restrictions on products/services offered | 2A and G of Development Agent Agreement | 8 and 16 |
| (j) Warranty and customer service requirements | Not Applicable | Not Applicable |
| (k) Territorial development and sales quotas | 2H and Development Schedule of Development Agent Agreement | 12 |
| (l) On-going product/service purchases | 2C and D of Development Agent Agreement | 6 and 8 |
| (m) Maintenance, appearance, and remodeling requirements | Not Applicable | Not Applicable |
| (n) Insurance | 2C of Development Agent Agreement | 6, 7, and 8 |
| (o) Advertising | 2D of Development Agent Agreement | 6, 7, 8, and 11 |
| (p) Indemnification | 10C of Development Agent Agreement | 6 |
| (q) Owner's participation/ management/staffing | 2A(3) and B of Development Agent Agreement | 11 and 15 |

| Obligation | Section in agreement | Disclosure document item |
|---|---|---|
| (r) Records and reports | 2A and E of Development Agent Agreement | Not Applicable |
| (s) Inspections and audits | 2F and G of Development Agent Agreement | 6 |
| (t) Transfer | 7B and C of Development Agent Agreement | 17 |
| (u) Renewal | 1B(2) of Development Agent Agreement | 17 |
| (v) Post-termination obligations | 9 of Development Agent Agreement | 17 |
| (w) Non-competition covenants | 6 and 9D of Development Agent Agreement | 17 |
| (x) Dispute resolution | 11E, F, G, H, and J of Development Agent Agreement | 17 |
| (y) Your Compliance with Franchise Laws | 2A(8) of Development Agent Agreement | 1 and 11 |
| (z) Your Recruiting and Servicing Obligations | 2A of Development Agent Agreement | 11 |

## Item 10
## FINANCING

MMP does not offer direct or indirect financing. MMP does not guarantee your note, lease, or obligation.

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

**Except as listed below, MMP is not required to provide you with any assistance.**

Pre-Opening Assistance. Before you begin operating as a Development Agent, MMP will advise you at its California office (or at another specified location) on both operating as a Development Agent in compliance with MMP's standards and the nature of a Mountain Mike's® Pizza Restaurant. (Section 2.A.(8) of DAA) MMP describes that Development Agent training later in this Item.

Continuing Assistance. During your operation of the Business, MMP will do the following:

1. Give you access to operating and marketing standards and procedures for your Business and all updates and revisions. (Section 2.A.(7) of DAA) MMP does not have a formal operations manual for Development Agents.

2. Let you use MMP's Marks. (Section 4 of DAA)

3. Let you use MMP's confidential Information. (Section 5 of DAA)

4. Give you access to franchise sales advertising, promotional materials, conferences and events, franchise development and relationship management technologies that MMP develops and/or procures, the reasonable and proportionate cost of which MMP may pass on to you. (Section 2.D. of DAA)

5. Prepare and file, and give you master versions of, all franchise disclosure documents and other materials required to offer and sell Mountain Mike's® Pizza franchises in your Territory. You must comply with all applicable franchise laws. (Sections 2.A.(8) of DAA)

6. Process and approve franchisees and Restaurant sites you present. MMP has the sole right to determine whether a franchise applicant has sufficient financial and managerial capability and meets MMP's other criteria for franchisees. (Sections 2.A.(2) and (4) of DAA)

7. Pay you certain commissions if you satisfy your contractual obligations. (Section 3.B. of DAA) The applicable commissions are as follows:

(a) 50% of the initial franchise fees MMP actually collects (not accrued), net of legal fees, third-party sales commissions and expenses incurred in completing the franchise agreements and related documents, during the DAA term from granting new Mountain Mike's® Pizza Restaurant franchises in the Territory during the DAA term. MMP will pay you this amount within 30 days after each franchised Mountain Mike's® Pizza Restaurant opens.

(b) 40% of the Royalties, as defined in the Franchise Agreement (not including marketing or advertising fees), MMP actually collects (not accrued) during the DAA term from Mountain Mike's® Pizza Restaurant franchises (including your Restaurants) located and operating in the Territory during the DAA term. MMP will pay you these amounts by the 15th day of each month following the month during it actually collects the Royalties. Despite the above, however, MMP has no obligation to pay you these amounts on account of any Mountain Mike's® Pizza Restaurant franchises that already were granted in the Territory before the DAA's effective date, although you nonetheless must provide the services to those franchises specified in the DAA.

(c) 50% of any transfer fees MMP actually collects (not accrued) due to any "transfers," as defined in the Franchise Agreement, net of legal fees, third-party sales commissions and expenses incurred in completing the franchise agreements and related documents, occurring during the DAA term with respect to Mountain Mike's® Pizza Restaurants (including your Restaurants) located in the Territory. MMP will pay you these amounts within 30 days after it actually collects the transfer fees.

(d) 50% of any renewal or successor franchise fees MMP actually collects (not accrued), net of legal fees and expenses incurred in completing the franchise agreements and

related documents, during the DAA term with respect to renewal or successor franchises it grants to franchisees within the Territory during the DAA term. MMP will pay you these amounts within 30 days after it actually collects the renewal or successor franchise fees.

If MMP (or its affiliate) establishes and operates any Mountain Mike's® Pizza Restaurants within the Territory, it is not obligated to pay you any fees on account of those Restaurants. However, you need not provide any services to those Restaurants.

You must provide the following services on MMP's behalf in order to receive the payments described above (Section 2.A. of DAA):

(i) You must solicit, qualify, and provide services to Mountain Mike's® Pizza Restaurant franchise owners in the Territory. This responsibility includes advertising for franchise prospects; providing prospects with information about MMP on a timely basis according to MMP's policies and federal, state and local laws and regulations; screening and qualifying prospective franchisees; providing site selection, lease negotiation, and construction advice; assisting with Restaurant openings; inspecting Restaurants; facilitating operations, brand building, marketing, and financial programs promulgated and initiated and supported by MMP; training franchisees and their managers; developing marketing; assisting in administering (as MMP directs in its sole discretion) cooperative advertising funds and programs operating in your Territory; and providing business advice and ongoing guidance to franchisees during their operation. You are prohibited from selling or negotiating the sale of franchises in MMP's name or on MMP's behalf.

(ii) You must submit to MMP for review individuals who are of good character, have adequate financial resources, and meet MMP's then current financial, operational, and other criteria for franchisees. Each prospective franchisee must complete MMP's then current application form for a Mountain Mike's® Pizza Restaurant franchise. You must send these applications to MMP with all other information MMP then customarily requires for franchise applicants, including information concerning the site at which the applicant proposes to operate its Restaurant.

MMP will approve or disapprove in writing applicants and/or sites you propose for Restaurants. MMP will use best efforts to notify you within 15 calendar days after the later of its personal interview of the applicant, if any, and its receipt of the complete application, site report, financial statements, and other required materials regarding the applicant. If MMP determines that the applicant possesses sufficient financial and managerial capability and meets the other criteria MMP then uses in granting franchises, and that the proposed site is suitable, MMP will offer a franchise to the applicant. The franchise will be evidenced by MMP's and the applicant's signing MMP's then current form of franchise agreement. You will not be a party to those franchise agreements (unless you are the franchisee under a particular agreement). MMP may modify in any respect the franchise agreement and related documents it customarily uses in granting Mountain Mike's® Pizza Restaurant franchises. If an applicant fails to sign the franchise agreement and related documents, deliver payment of the initial franchise fee, and obtain lawful possession of an approved site, MMP may withdraw its franchise offer to the applicant.

(iii) You must perform the following "Site Services" on MMP's behalf for Mountain Mike's® Pizza Restaurant franchises located in the Territory: (a) assist with Restaurant location selection for each franchisee and help each franchisee negotiate lease terms and coordinate the work of equipment suppliers, contractors, and architects with respect to the build-out of each Mountain Mike's® Pizza Restaurant; (b) provide MMP's prescribed standards and specifications for the build-out, interior design, layout, floor plan, signs, designs, color, and decor of the Restaurant; and (c) submit completed forms and reports to MMP from time to time, including site selection and pre-opening assistance forms and reports related to leases and construction.

(iv) You must perform the following pre-opening and opening "Support Services" for Mountain Mike's® Pizza Restaurant franchises located in the Territory: (a) provide advice to the franchisee regarding standards and specifications for the equipment, supplies, and materials used in, and the menu items offered for sale by, the Restaurant and advice regarding selecting suppliers for purchasing items used in the Restaurant; (b) provide initial training and on-site assistance to franchisees and their managers for not less than 200 hours (but excluding matters relating to labor relations and employment practices); and (c) provide guidance in implementing advertising and marketing programs, operating and sales procedures, and bookkeeping and accounting programs.

(v) You must perform the following ongoing "Support Services" for Mountain Mike's® Pizza Restaurant franchises located in the Territory: (a) upon a franchisee's reasonable request, provide telephone consultation regarding the Restaurant's operation and advice on restaurant services, product quality control, menu items, and customer relations issues (but excluding matters relating to labor relations and employment practices); (b) provide on-going updates of information and programs regarding menu items and their preparation, the Restaurant business, and information about special or new services; (c) provide advice and assistance to the franchisee to develop and improve its Restaurant; (d) conduct at least 1 quality assurance inspection (or reinspection in the case of a failed first inspection) of each Mountain Mike's® Pizza Restaurant franchise in the Territory every calendar quarter and send MMP written reports; (e) conduct at least 1 financial performance review of each Mountain Mike's® Pizza Restaurant franchise in the Territory every calendar quarter, including reviewing each Restaurant's cash flow and financial condition, auditing sales reported to MMP in comparison with in-Restaurant point-of-sale reports, and evaluating state sales tax reports, inventory purchase records, and other Restaurant operations records MMP periodically requires (but excluding records relating to labor relations and employment practices); (f) periodically provide access to advertising and promotional materials developed for the Mountain Mike's® Pizza system; (g) send MMP periodic reports on activities in the Territory; and (h) provide training, onboarding, and support for any systemwide marketing or advertising campaigns or platforms as Mountain Mike's® Pizza Restaurant prescribes.

MMP delegates to you for performance its responsibilities under the Mountain Mike's® Pizza Franchise Agreement. In providing these services to Mountain Mike's® Pizza Restaurant franchisees located in the Territory, you must comply in all respects with the terms and conditions of any Franchise Agreement in effect between the franchisee and MMP. However, your rights as a development agent are only by virtue of the DAA; you are not in any manner a party, third-party beneficiary, or holder of any other right or title to or interest in any Franchise Agreement. Similarly, no franchisee is a third-party beneficiary of the DAA or any other agreement between you and MMP.

Schedule For Opening. There is no formal deadline by which you must commence operation of the Business. However, MMP expects you to begin operation as soon as you become familiar with the franchise laws and MMP's requirements for Development Agents. You should commence operation as soon as possible so you can satisfy your Development Schedule. When you commence operation also depends on the status of the Restaurant you must open and operate in the Territory.

Advertising and Promotion. MMP need not (and has no plans to) conduct any advertising for Development Agents and has no advertising funds, advertising cooperatives, or similar collective or collaborative advertising programs for Development Agents. MMP (and/or its designees) directly advertise for franchisees in various local and regional media, using in-house personnel and outside regional advertising agencies, but those efforts are to promote the system's franchise growth generally and not necessarily to support or promote Development Agents.

You must spend certain minimum amounts each year of the DAA term to advertise for prospective franchisees in the Territory (spread out evenly over the year). The required amount is at least the greater of 2% of your previous year's revenue from operating under the DAA or $15,000. (Section 2.D. of DAA) While you do not currently pay these amounts to MMP, MMP may in the future reduce amounts it must pay you on a monthly basis under the DAA by these amounts to offset the cost of advertising for prospective franchisees in the Territory. There is no Development Agent advertising council advising MMP on advertising policies.

Before you use them, you must send MMP for approval samples of all advertising and promotional materials that MMP did not prepare or has not yet approved. MMP will not unreasonably withhold its approval. You may not use any advertising or promotional materials that MMP has not approved or has disapproved. Certain states require the filing of franchise sales advertising materials with the appropriate state agency before circulation. You must comply with those filing requirements at your own expense. MMP may charge you for the reasonable and proportionate costs it incurs in developing and/or procuring and supplying to you franchise sales advertising, promotional materials, conferences and events, franchise development and relationship management technologies. (Section 2.D. of DAA) You must list your Business telephone number in both on-line and printed telephone directories.

Computer Hardware and Software/Cash Register Systems. You need not acquire any particular electronic cash register or computer system to operate your Business. MMP expects that any smartphone, tablet, or similar device will suffice as long as you can communicate with MMP and send it the required information.

Operations Manuals. MMP does not have a formal operations manual for Development Agents.

Site Selection and Leasing. You must maintain an office in the Territory from which you conduct your Business. This office must be at a location suitable to conduct your business in the Territory and be approved by MMP. MMP has no specific standards or size requirements for your office space other than it must enable you to solicit and efficiently service Mountain Mike's® Pizza Restaurants located in the Territory.

Training. After signing the DAA and before commencing operation of the Business (although there is no particular deadline for this), you or your Managing Owner must learn about the Mountain Mike's® Pizza Restaurant business and how to operate as a Development Agent. There is no charge for this learning, but you must pay travel and living expenses incurred while attending. MMP will instruct you on Restaurant-level training for franchisees plus topics such as marketing, franchise sales, franchise law compliance, and site selection. The following is description of our initial training program as of the date of issuance of this Disclosure Document:

**TRAINING PROGRAM**

| Column 1<br><br>Subject | Column 2<br><br>Hours of Classroom Training | Column 3<br><br>Hours of On-the-Job Training | Column 4<br><br>Location |
|---|---|---|---|
| Franchise Sales Process | 4 | 4 | MMP's office and in Territory |
| Franchise Law Compliance | 3 | 0 | MMP's office and in Territory |
| Site Selection | 2 | 10 | MMP's office and in Territory |
| Marketing | 2 | 0 | MMP's office |

Representatives from MMP (whose backgrounds are disclosed in Item 2), will supervise training. Instructional materials include the relevant restaurant-level manuals, training guides, handouts, and charts. Representatives from MMP are responsible for assisting development agents in proper policy and procedure administration relating to restaurant operations and assisting in franchisee training, product development, and franchise sales.

MMP does not have any formal follow-up training programs for Development Agents. It provides ongoing instruction as needed and expects Development Agents to maintain the working knowledge necessary to operate their Businesses in compliance with MMP's requirements. If MMP chooses to have periodic meetings on Development Agent-specific topics, MMP will not charge Development Agents to attend, but MMP expects Development Agents to attend at their own cost, including all travel and living expenses, all accrued wages, and related workers' compensation insurance while attending the meeting.

## Item 12
## TERRITORY

Under the DAA, you have an exclusive Territory in which to solicit and identify prospective franchisees for Mountain Mike's® Pizza Restaurants, perform site selection services, and provide operational support to franchised Restaurants. You may not operate your Business anywhere outside the Territory. You must operate from an office location anywhere within your Territory, and such location must be approved by MMP. If you fulfill your obligations during the DAA term, MMP will not grant any part of your Territory to another Development Agent or operate a company-owned Development Agent Business in your Territory

(that is, your exclusivity is preserved). However, if you default, including by failing to meet the Development Quota, MMP may terminate the DAA. Upon termination or expiration without renewal, you no longer have the right to solicit prospective franchisees or provide initial and on-going services to franchisees in your Territory, and your commissions (described in Item 11) permanently cease. MMP may not change the Territory's definition or size during the DAA's initial term, although MMP may change the Territory's definition or size upon renewal of your Development Agent rights or if you transfer your Development Agent rights and the transferee signs a new DAA.

Your Territory is generally one or more cities or counties (depending where you operate). There is no specific minimum or maximum area (in terms of size) that must be included in the Territory. MMP primarily considers demographics (based on government and other census studies), traffic patterns, competition, your capacity to recruit franchisees and provide services in a large area, site availability, economic trends, the number of Restaurants the Territory can sustain, and your development obligations. MMP always identifies the Territory in the DAA before you sign it. You do not have any options, rights of first refusal, or similar rights to acquire additional territory or expand your Development Agent rights.

Your Development Quota generally will consist of annual franchise sales and Restaurant opening obligations. Before MMP and you sign the DAA, MMP will describe in an exhibit your Development Quota for each year of the DAA term. The Development Quota is based on the same factors MMP considers in defining your Territory (see above). You must open, and/or solicit franchisees that open, Mountain Mike's® Pizza Restaurants in the Territory to meet or exceed the Development Schedule. (Each yearly period described in the Development Schedule is called a "Development Period.") A Mountain Mike's® Pizza Restaurant will be included in the cumulative number of Restaurants required to be open and operating only if it actually is operating within the Territory and complying with the terms of its Franchise Agreement. However, a Restaurant that is, with MMP's approval, permanently closed during the last 3 months of a Development Period after having been in operation will be included in the cumulative number of Restaurants required to be open and operating during that particular Development Period (but not after, meaning you must replace the closed Restaurant during the next Development Period in addition to fulfilling your new Restaurant development obligation for that Development Period). Any Restaurants you (or your owners) own and operate within the Territory (and any Restaurants MMP or its affiliates own and operate within the Territory) will be counted toward the cumulative number of Restaurants required to be open and operating. If you fail to comply with the Development Schedule, MMP may (but need not):

- terminate the DAA;
- reduce the size of the Territory to a lesser area MMP determines; or
- eliminate your exclusive right to solicit and service franchisees in the Territory.

MMP may choose the option it deems best.

MMP (and its affiliates) may (1) own and operate, and recruit and grant prospective franchisees the right to own and operate, Mountain Mike's® Pizza Restaurants at any locations within and outside the Territory on any terms and conditions it deems appropriate, provided,

however, that MMP will credit any Mountain Mike's® Pizza Restaurants opened within the Territory, whether by MMP, its affiliates or franchisees, toward the number of Mountain Mike's® Pizza Restaurants you must develop within the Territory during the DAA term; and (2) engage in any other distribution activities it chooses within and outside the Territory. MMP's only commitment to you (if you remain in compliance) is not to allow another franchisee to represent MMP as a development agent within the Territory during the DAA term.

## Item 13
## TRADEMARKS

You may use certain Marks in operating your Development Agent Business. MMP's principal Marks are the ~~"Mountain Mike's" name and associated design. The "Mountain Mike's" name and one of the designs, covering restaurant services, were registered on the Principal Register of the United States Patent and Trademark Office (USPTO) on September 15, 1992 (Registration Nos. 1,716,962 and 1,716,963). These registrations have been renewed twice, most recently in 2012. The name "Mountain Mike's Pizza" and a new design, covering restaurant services (Registration No. 2,004,536), was registered on the USPTO's Principal Register on October 1, 1996. MMP (and/or its predecessor, COAC) has/have renewed this Mark twice, most recently in October 2006. MMP also has a trademark registration on the USPTO's Principal Register for the slogan "Pizza the way it oughta be®," which was registered on July 21, 1998, and renewed on January 16, 2009 (Registration No. 2,174,312). Another iteration of the "Mountain Mike's" name and a design (the words "Mountain Mike's" bordering a circle containing the letter "M" inside), covering restaurant services, was registered on the USPTO's Principal Register on July 15, 2008 (Registration No. 3,467,126).~~ following:

| MARK | REGISTRATION NUMBER | REGISTRATION DATE | RENEWED |
|---|---|---|---|
| | 1,716,962 | September 15, 1992 | Yes |
| MOUNTAIN MIKE'S | 1,716,963 | September 15, 1992 | Yes |
| | 2,004,536 | October 1, 1996 | Yes |
| Pizza the way it oughta be® | 2,174,312 | July 21, 1998 | Yes |

| MARK | REGISTRATION NUMBER | REGISTRATION DATE | RENEWED |
|---|---|---|---|
| | 3,467,126 | July 15, 2008 | Not due |

All required affidavits of use have been filed for these Marks.

You must follow MMP's rules when you use the Marks. You may not use any Mark in your corporate or legal business name; with modifying words, terms, designs, or symbols (except for those MMP licenses to you); as part of any domain name, electronic address, social media accounts/platforms, or search engine you maintain on any Electronic Media; or in any other way MMP has not expressly authorized in writing. To the extent you use any Mark in employment-related materials, you must include a clear disclaimer that you (and only you) are the employer of the employees and that MMP, as the franchisor of the Mountain Mike's Pizza system, is not their employer and does not engage in any employer-type activities for which only franchisees are responsible, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation, involving the principal Marks. No agreements limit MMP's right to use or license the Marks in a manner material to the franchise.

You must notify MMP immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and you may not communicate with any person other than MMP, its attorneys, and your attorneys in any infringement, challenge, or claim. MMP may take the action it deems appropriate (including no action) and control exclusively any litigation, USPTO proceeding, or any other administrative proceeding from the infringement, challenge, or claim or otherwise concerning any Mark. You must sign the documents and take the action that, in the opinion of MMP's attorneys, are necessary or advisable to protect and maintain MMP's interests in any litigation or USPTO or other proceeding or otherwise to protect and maintain MMP's interests in the Marks.

MMP will reimburse your damages and expenses incurred in any trademark infringement proceeding disputing your authorized use of any Mark if your use was consistent with the DAA and standards communicated to you and you have timely notified MMP of, and complied with MMP's directions in responding to, the proceeding. MMP may, at its option, defend and control the defense of any proceeding from your use of any Mark.

If it becomes advisable at any time in MMP's opinion for MMP and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trade or service marks, you must comply with MMP's directions within a reasonable time after receiving notice. MMP need not reimburse your expenses in doing so, your revenue losses due to any modified or discontinued Mark, or your expenses to promote a modified or substitute trademark or service mark.

MMP does not actually know of either superior prior rights or infringing uses that could materially affect your use of its principal Marks in any state.

## Item 14
## PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents or patent applications are material to the franchise. MMP claims copyrights in the restaurant-level Operations Manual, advertising and marketing materials, menus, and similar items used in operating the franchise and Mountain Mike's® Pizza Restaurants. MMP has not registered these copyrights with the United States Copyright Office but need not do so to protect them. You may use these items only as MMP specifies while operating your franchise (and must stop using them if MMP so directs you).

There currently are no effective determinations of the USPTO, the United States Copyright Office, or any court regarding any copyrighted materials. No agreements limit MMP's right to use or allow others to use the copyrighted materials. MMP does not actually know of any infringing uses that could materially affect your use of the copyrighted materials in any state. MMP need not protect or defend copyrights, although it intends to do so if in the best interests of the Mountain Mike's® Pizza system. MMP may control any action it chooses to bring, even if you voluntarily bring the matter to MMP's attention. MMP need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright.

The restaurant-level Operations Manual and other materials contain MMP's confidential information. This information includes site selection criteria; recipes; methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating Mountain Mike's® Pizza Restaurants; marketing and advertising programs for Mountain Mike's® Pizza Restaurants; knowledge of specifications for and suppliers of certain equipment, products, materials, and supplies; and knowledge of the operating results and financial performance of Mountain Mike's® Pizza Restaurants.

MMP (and its affiliates) have the perpetual royalty-free right to use and allow other Mountain Mike's® Pizza franchisees to use, and you must fully and promptly disclose to MMP, all ideas, concepts, formulas, recipes, techniques, or materials concerning a Mountain Mike's® Pizza Restaurant that you and/or your employees conceive or develop during your franchise term.

You may not use MMP's confidential information in an unauthorized manner and must take reasonable steps to prevent its disclosure to others and use non-disclosure agreements with those having access to confidential information. However, MMP does not control the forms or

terms of employment agreements you use with your employees and is not responsible for your labor relations or employment practices.

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

Your Business must at all times be under your (or, if you are a corporation, limited liability company or partnership, your managing shareholder's, member's or partner's ("Managing Owner")) direct, day-to-day, full-time supervision. You must at all times give prompt, courteous, and efficient service to MMP and Mountain Mike's® Pizza Restaurant franchisees in your Territory and secure and maintain in force all required licenses, permits, and certificates relating to your business activities.

You must hire your own employees and train them to ensure their compliance with MMP's requirements. You have sole responsibility and authority for your labor relations and employment practices, including employee selection, promotion, termination, hours worked, rates of pay, benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. You must communicate clearly with employees in your employment agreements, human resource manuals, written and electronic correspondence, paychecks, and other materials that you (and only you) are their employer and that MMP, as the franchisor of Mountain Mike's® Pizza Restaurants, is not their employer and does not engage in any employer-type activities (including those described above) for which only Development Agents are responsible. The offer and sale of franchises are regulated by both federal and state laws. None of your employees may offer Mountain Mike's® Pizza Restaurant franchises unless and until the employee has been properly trained with respect to all applicable laws and regulations. You are responsible for your employees' failure to comply with these laws and regulations. Other than your Managing Owner, your employees need not have an equity interest in you or the Business but must agree in writing to preserve confidential information to which they have access.

You must satisfy certain senior staffing requirements for the sole purpose of protecting the quality of the Mountain Mike's brand. You must have 1 full-time Field Operations person for each 10 Mountain Mike's Restaurants in your Territory (*i.e.*, when you have a total of 11 Mountain Mike's Restaurants in your Territory, you must hire a second Field Operations person. If you do not employ the staff MMP feels is necessary to perform your obligations under the DAA in compliance with MMP's standards, MMP may employ its own support personnel to service your Territory. You will be responsible for the cost of MMP's staff, including salary, benefits, payroll taxes, insurance, and all other associated business expenses, which will be deducted from the amounts MMP must pay you under the DAA. If the cost of MMP's employees exceeds the amounts MMP owes you, you are also responsible for the excess cost.

If you are a corporation, limited liability company, or partnership, your owners must personally guarantee your obligations under the DAA and agree personally to be bound by, and to be liable for the breach of, every contractual provision, both monetary and non-monetary obligations, including the covenant not to compete. This "Guaranty and Assumption of Obligations" is part of the DAA.

## Item 16
## RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must solicit prospective franchisees, and help provide certain services to franchisees, in your Territory in compliance with the DAA and MMP's guidelines and directions. You may solicit prospective franchisees only if they operate within your Territory. You must comply with MMP's qualification standards in advertising for, recruiting, screening, and interviewing prospective franchisees, including submitting applications, financial statements, and other materials MMP requests regarding each prospective franchisee. You may use only the franchise disclosure document MMP approves for your jurisdiction.

You may not offer or sell products or provide services MMP has not approved. You must sell all products and provide all services MMP approves. MMP has the unlimited right to change or supplement the types of authorized products and services. You may not under any circumstances sell any items to, or collect any money for any reason from, franchisees without MMP's prior written consent. MMP imposes no other restrictions on goods or services you offer or the customers to whom you may sell.

## Item 17
## RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

### THE FRANCHISE RELATIONSHIP

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

| Provision | Section in development agent or other agreement | Summary |
|---|---|---|
| (a) Length of the franchise term | 1.B.(1) of Development Agent Agreement | 15 years |
| (b) Renewal or extension of the term | 1.B.(2) of Development Agent Agreement | If you are in good standing and MMP continues offering Mountain Mike's® Pizza Restaurant franchises in your Territory, you may acquire successor development agent rights for 10 years on MMP's then current terms |

| Provision | Section in development agent or other agreement | Summary |
|---|---|---|
| (c) Requirements for franchisee to renew or extend | 1.B.(2) of Development Agent Agreement | You and MMP agree on minimum number of new Mountain Mike's® Pizza Restaurants to be opened within Territory during successor term, you sign new DAA and other documents (including release), and you pay successor/renewal fee.<br><br>Terms of MMP's new DAA you sign for successor development agent rights may differ materially from any and all of those contained in DAA attached to this disclosure document (including a modified or reduced Territory). |
| (d) Termination by franchisee | 8.A. of Development Agent Agreement | You may terminate upon 90 days' prior written notice to MMP |
| (e) Termination by franchisor without cause | Not Applicable | MMP may not terminate DAA without cause |
| (f) Termination by franchisor with cause | 8.B. of Development Agent Agreement | MMP may terminate DAA only if you or your owners commit one of several violations |
| (g) "Cause" defined – curable defaults | 8.B. of Development Agent Agreement | You have 30 days to cure operational defaults not listed in (h) below |
| (h) "Cause" defined – non-curable defaults | 8.B. and 8.C. of Development Agent Agreement | Non-curable defaults include material misrepresentations or omissions, conviction of or pleading no contest to felony, dishonest or unethical conduct, unapproved transfers, failure to transfer on death or disability, failure to meet Development Schedule during any Development |

| Provision | Section in development agent or other agreement | Summary |
|---|---|---|
| | | Period, MMP sends notice of termination under franchise agreement with you or your owners, failure to own and operate at least 1 Mountain Mike's® Pizza Restaurant within Territory, unauthorized use or disclosure of confidential information, failure to comply with franchise laws, repeated defaults (even if cured), and assignment for benefit of creditors or admission of insolvency |
| (i) Franchisee's obligations on termination / nonrenewal | 9 of Development Agent Agreement | Obligations include complete de-identification and returning confidential information (also see (r) below) |
| (j) Assignment of contract by franchisor | 7.A. of Development Agent Agreement | No restriction on MMP's right to assign; MMP may assign without your approval |
| (k) "Transfer" by franchisee – defined | 7.B. of Development Agent Agreement | Includes transfer of DAA and ownership change |
| (l) Franchisor approval of transfer by franchisee | 7.B. of Development Agent Agreement | No transfer without MMP's prior written consent |
| (m) Conditions for franchisor approval of transfer | 7.B. of Development Agent Agreement | MMP may withhold approval of a proposed transfer for any or no reason; if MMP chooses to approve transfer, it may require you or transferee first to satisfy various conditions |
| (n) Franchisor's right of first refusal to acquire franchisee's business | Not Applicable | DAA does not contain this provision |
| (o) Franchisor's option to purchase franchisee's business | Not Applicable | DAA does not contain this provision |

| Provision | Section in development agent or other agreement | Summary |
|---|---|---|
| (p) Death or disability of franchisee | 7.C. of Development Agent Agreement | Assignment of development agent rights or an ownership interest in you to approved party within 6 months after death or disability |
| (q) Non-competition covenants during the term of the franchise | 6 of Development Agent Agreement | No diverting business; no controlling ownership interest in "competitive business" anywhere; no non-controlling ownership interest in "competitive business" within your Territory or 10 miles of any Mountain Mike's® Pizza Restaurant; and no performing services for "competitive business" anywhere. "Competitive Business" means any business operating, or granting franchises or licenses to others to operate, any restaurant or foodservice business featuring pizza as a primary product (other than a Mountain Mike's® Pizza Restaurant operated under a franchise agreement with MMP) |
| (r) Non-competition covenants after the franchise is terminated or expires | 9.D. of Development Agent Agreement | No direct or indirect ownership interest in, or performing services for, competitive business for 2 years within your Territory or 1 mile of any Mountain Mike's® Pizza Restaurant |
| (s) Modification of the agreement | 11.I. of Development Agent Agreement | No modifications generally, but MMP's standards and guidelines are subject to change |

| Provision | Section in development agent or other agreement | Summary |
|---|---|---|
| (t) Integration/merger clause | 11.K. of Development Agent Agreement | Only the terms of the DAA (including MMP's guidelines and directions) are binding (subject to state law). Any representations or promises outside of the disclosure document and DAA may not be enforceable |
| (u) Dispute resolution by arbitration or mediation | 11.E. of Development Agent Agreement | Except for certain claims, MMP and you must arbitrate all disputes within 10 miles of MMP's then existing principal business address when arbitration demand is filed (currently in California) |
| (v) Choice of forum | 11.G of Development Agent Agreement | Litigation generally must be commenced in state or federal court located closest to MMP's then existing principal business address when action is commenced (currently in California) (subject to state law) |
| (w) Choice of law | 11.F. of Development Agent Agreement | Except for Federal Arbitration Act and other federal law, California law governs (subject to state law) |

## Item 18
## PUBLIC FIGURES

MMP does not use any public figure to promote its 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.

MMP does not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. MMP also does not authorize its employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, MMP 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 Chris L. Britt, 26 Corporate Plaza, Suite 180, Newport Beach, CA 92660, (949) 438-1204, the Federal Trade Commission, and the appropriate state regulatory state agencies.

## Item 20
## OUTLETS AND FRANCHISEE INFORMATION

### Table No. 1

### Systemwide Outlet Summary
### For years ~~2017~~2018 to ~~2019~~2020

| Column 1<br>Outlet Type | Column 2<br>Year | Column 3<br>Outlets at the Start of the Year | Column 4<br>Outlets at the End of the Year | Column 5<br>Net Change |
|---|---|---|---|---|
| Franchised | ~~2017~~2018 | 7 | ~~7~~5 | ~~0~~-2 |
| | ~~2018~~2019 | ~~7~~5 | ~~5~~4 | -~~2~~1 |
| | ~~2019~~2020 | ~~5~~4 | ~~4~~5 | -~~+~~1 |
| Company-Owned | ~~2017~~2018 | 0 | 0 | 0 |
| | ~~2018~~2019 | 0 | 0 | 0 |
| | ~~2019~~2020 | 0 | 0 | 0 |
| Total Outlets | ~~2017~~2018 | 7 | ~~7~~5 | ~~0~~-2 |
| | ~~2018~~2019 | ~~7~~5 | ~~5~~4 | -~~2~~1 |
| | ~~2019~~2020 | ~~5~~4 | ~~4~~5 | -~~+~~1 |

## Table No. 2

**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**
**For years ~~2017~~2018 to ~~2019~~2020**

| Column 1<br>State | Column 2<br>Year | Column 3<br>Number of Transfers |
|---|---|---|
| California | ~~2017~~2018 | 0 |
| | ~~2018~~2019 | 0 |
| | ~~2019~~2020 | 0 |
| Total | ~~2017~~2018 | 0 |
| | ~~2018~~2019 | 0 |
| | ~~2019~~2020 | 0 |

## Table No. 3

**Status of Franchised Outlets**
**For years ~~2017~~2018 to ~~2019~~2020**

| Col. 1<br>State | Col. 2<br>Year | Col. 3<br>Outlets at Start of Year | Col. 4<br>Outlets Opened | Col. 5<br>Terminations | Col. 6<br>Non-Renewals | Col. 7<br>Reacquired by Franchisor | Col. 8<br>Ceased Operations-Other Reasons | Col. 9<br>Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| California | ~~2017~~ 2018 | 6 | ~~1~~0 | 1 | 0 | 0 | 0 | ~~6~~5 |
| | ~~2018~~ 2019 | ~~6~~5 | 0 | ~~1~~0 | 0 | ~~0~~1 | 0 | ~~5~~4 |
| | ~~2019~~ 2020 | ~~5~~4 | ~~0~~1 | 0 | 0 | ~~1~~0 | 0 | ~~4~~5 |
| All Other States | ~~2017~~ 2018 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | ~~2018~~ 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | ~~2019~~ 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Totals | ~~2017~~ 2018 | 6 | ~~1~~0 | 1 | 0 | 0 | 0 | ~~6~~5 |
| | ~~2018~~ 2019 | ~~6~~5 | 0 | ~~1~~0 | 0 | ~~0~~1 | 0 | ~~5~~4 |

| Col. 1<br>State | Col. 2<br>Year | Col. 3<br>Outlets at Start of Year | Col. 4<br>Outlets Opened | Col. 5<br>Terminations | Col. 6<br>Non-Renewals | Col. 7<br>Reacquired by Franchisor | Col. 8<br>Ceased Operations-Other Reasons | Col. 9<br>Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| | ~~2019~~ 2020 | ~~5~~4 | ~~0~~1 | 0 | 0 | ~~1~~0 | 0 | ~~4~~5 |

**Table No. 4**

**Status of Company-Owned Outlets**
**For years ~~2017~~2018 to ~~2019~~2020**

| Col. 1<br>State | Col. 2<br>Year | Col. 3<br>Outlets at Start of the Year | Col. 4<br>Outlets Opened | Col. 5<br>Outlets Reacquired From Franchisee | Col. 6<br>Outlets Closed | Col. 7<br>Outlets Sold to Franchisee | Col. 8<br>Outlets at End of the Year |
|---|---|---|---|---|---|---|---|
| All States | ~~2017~~2018 | 0 | 0 | 0 | 0 | 0 | 0 |
| | ~~2018~~2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | ~~2019~~2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| Totals | ~~2017~~2018 | 0 | 0 | 0 | 0 | 0 | 0 |
| | ~~2018~~2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | ~~2019~~2020 | 0 | 0 | 0 | 0 | 0 | 0 |

**Table No. 5**

**Projected Openings as of December 31, ~~2019~~2020**

| Column 1<br>State | Column 2<br>Development Agent Agreements Signed as of 12/31/~~19~~20 But Businesses Not Opened as of 12/31/~~19~~20 | Column 3<br>Projected New Franchised Development Agent Businesses In the Next Fiscal Year | Column 4<br>Projected New Company-Owned Development Agent Businesses In the Next Fiscal Year |
|---|---|---|---|
| All States | 0 | 0 | 0 |
| Totals | 0 | 0 | 0 |

Exhibit D is a list of all Mountain Mike's Pizza Development Agents as of MMP's most recent fiscal year ended December 31, ~~2019,~~2020, and the addresses and telephone numbers of their

Businesses. The name, city, state and current business telephone number of the Development Agents whose agreements were terminated during MMP's most recent fiscal year ended, is included in Exhibit D. No Development Agent has failed to communicate with MMP within 10 weeks of this disclosure document's issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last 3 fiscal years, no current or former Development Agents have signed confidentiality clauses restricting them from discussing with you their experiences as a Development Agent in MMP's franchise system. There are no trademark-specific franchisee organizations associated with the Mountain Mike's® Pizza franchise system.

## Item 21
## FINANCIAL STATEMENTS

MMP's audited financial statements as of and for the ~~year~~years ended December 31, ~~2019,~~2020, December 31, ~~2018, and as of and for the period from April 4, 2017 (the date the Transaction closed) to December 31, 2017 are included in Exhibit A. MMP has not been in business for three years or more (having been formed in February 2017) and cannot include all the financial statements required by the FTC Rule for its last three fiscal years. MMP's fiscal year ends on December 31.~~2019, and December 31, 2018.

## Item 22
## CONTRACTS

The following agreements/documents are exhibits:

(a) Development Agent Agreement – Exhibit B

(b) Development Agent Representations – Exhibit E

## Item 23
## RECEIPTS

MMP's and your copies of the Franchise Disclosure Document Receipt are located at the last 2 pages of this disclosure document.

## CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

2. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES MMP TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF BUSINESS OVERSIGHT BEFORE IT ASKS YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR DEVELOPMENT AGENT AGREEMENT.

3. MMP'S WEBSITE, www.mountainmikespizza.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT ~~www.dbo.ca.gov~~www.dfpi.ca.gov.

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

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

5. The following paragraphs are added at the end of Item 17:

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

The Development Agent Agreement contains a covenant not to compete that extends beyond termination of the franchise. This provision might not be enforceable under California law.

The Development Agent Agreement provides for termination upon insolvency. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sections 101 et seq.).

The Development Agent Agreement requires binding arbitration at a suitable location chosen by the arbitrator that is within ten (10) miles of where MMP has its principal business address at the time the arbitration demand is filed (currently Newport Beach, California). You will be required to travel to that location and pay the expenses you incur in any such arbitration proceeding. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal

Arbitration Act) to any provisions of the Development Agent Agreement restricting venue to a forum outside the State of California.

You must sign a general release of claims if you renew or transfer the franchise. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

## FORM OF GENERAL RELEASE

You and your affiliates, on behalf of yourselves and your and their respective successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, shareholders, members, directors, officers, principals, and employees (collectively, the "Releasing Parties"), hereby forever release and discharge us and our affiliates, and our and their respective current and former officers, directors, owners, principals, employees, agents, representatives, successors, and assigns (collectively, the "Released Parties"), from any and all claims, damages, demands, causes of action, suits, duties, and liabilities of any nature and kind, whether known or unknown, vested or contingent (collectively, "Claims"), that you and any of the other Releasing Parties now have, ever had, or, but for this paragraph, hereafter would or could have against any of the Released Parties (a) arising from or related to the Released Parties' performance of or failure to perform obligations under the Development Agent Agreement, or (b) otherwise arising from or related in any way to your and the other Releasing Parties' relationship, from the beginning of time to the effective date, with any of the Released Parties.

You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the Released Parties on any of the Claims released by this paragraph and represent that you have not assigned any such Claims to any individual or entity who is not bound by this Paragraph.

*Each of the parties acknowledges a familiarity with Section 1542 of the Civil Code of the State of California, which provides as follows:*

> *"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release which, if known by him, must have materially affected the settlement with the debtor."*

*Each party granting the release above recognizes that he, she, or it may have some claim, demand, or cause of action against the other parties of which he, she, or it is unaware and unsuspecting, and which he, she, or it is giving up by signing this Release. Each party granting the release hereby waives and relinquishes every right or benefit which he, she, or it has under Section 1542 of the Civil Code of the State of California, and any similar statute under any other state or federal law, to the fullest extent that such right or benefit may lawfully be waived.*

# EXHIBIT A

# FINANCIAL STATEMENTS

# Mountain Mike's Pizza, LLC and Subsidiaries

## Consolidated Financial Statements

As of and for the Years Ended
December 31, 2020 and 2019

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.

BDO

# Mountain Mike's Pizza, LLC and Subsidiaries

## Consolidated Financial Statements

As of and for the Years Ended December 31, 2020 and 2019

# Mountain Mike's Pizza, LLC and Subsidiaries

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# Independent Auditor's Report

Board of Managers
Mountain Mike's Pizza, LLC and Subsidiaries
Newport Beach, California

## *Opinion*

We have audited the consolidated financial statements of Mountain Mike's Pizza, LLC and Subsidiaries, (the "Company"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of income, statements of member's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, 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.

## *Emphasis of Matter Regarding Change in Accounting Policy Related to Revenue Recognition*

As discussed in Note 2 to the consolidated financial statements, the Company has changed its accounting policy for revenue recognition and related disclosures in 2020 due to the full retrospective adoption of Accounting Standard Update 2021-02.

## *Responsibilities of Management for the Financial Statements*

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

In preparing the consolidated 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 consolidated financial statements are issued or available to be issued.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 consolidated 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 consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

BDO USA, LLP

April 12, 2021

# Consolidated Financial Statements

# Mountain Mike's Pizza, LLC and Subsidiaries

## Consolidated Balance Sheets

| *December 31,* | 2020 | 2019 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash | $ 3,568,876 | $ 1,144,212 |
| Restricted cash | 1,553,048 | 659,653 |
| Accounts receivable, net of allowance for bad debt of $7,000 and $16,000, respectively | 2,206,410 | 1,861,530 |
| Note receivable, current portion | 60,000 | 60,000 |
| Prepaid expenses | 117,076 | 57,326 |
| Total current assets | 7,505,410 | 3,782,721 |
| Property and equipment, net | 124,102 | 117,239 |
| Intangible assets, net | 17,983,928 | 18,436,214 |
| Goodwill | 20,145,000 | 20,145,000 |
| Notes receivable, net of current portion | 1,325,384 | 420,000 |
| Other assets, net | 315,339 | 129,394 |
| **Total assets** | $ 47,399,163 | $ 43,030,568 |
| **Liabilities and Members' Equity** | | |
| Current liabilities | | |
| Accounts payable | $ 853,011 | $ 739,752 |
| Accrued Expenses | 1,479,111 | 1,145,185 |
| Marketing fund obligations | 1,553,048 | 659,653 |
| Deferred revenue, current portion | 467,500 | 145,000 |
| Total current liabilities | 4,352,670 | 2,689,590 |
| Deferred revenue, net of current portion | 203,333 | 303,333 |
| Long-term are developer payable | - | 905,726 |
| Total liabilities | 4,556,003 | 3,898,652 |
| **Commitments and contingencies** | | |
| **Members' Equity** | | |
| Total members' equity | 42,843,160 | 39,131,919 |
| **Total liabilities and members' equity** | $ 47,399,163 | $ 43,030,568 |

*See accompanying notes to the consolidated financial statements.*

# Mountain Mike's Pizza, LLC and Subsidiaries

## Consolidated Statements of Income

| *For the years ended December 31,* | 2020 | 2019 |
|---|---|---|
| **Revenues:** | | |
| Royalties | $ 10,271,097 | $ 9,038,564 |
| Franchise advertising fee | 5,760,399 | 5,127,032 |
| Other income | 4,207,136 | 4,001,551 |
| Total revenues | 20,238,632 | 18,167,147 |
| **Operating expenses:** | | |
| Selling, general and administrative | 6,229,056 | 9,014,738 |
| Franchise advertising fee | 5,760,399 | 5,127,032 |
| Depreciation and amortization | 487,831 | 493,842 |
| **Total operating expenses** | 12,477,286 | 14,635,612 |
| Operating income | 7,761,346 | 3,531,535 |
| **Other income (expense):** | | |
| Interest expense, net | 101,197 | (48,036) |
| Gain on disposal of fixed assets | - | 9,238 |
| Total other income (expense) | 101,197 | (38,798) |
| Income before taxes | 7,660,145 | 3,492,737 |
| State franchise taxes | 17,515 | 17,829 |
| **Net income** | $ 7,642,630 | $ 3,474,908 |

*See accompanying notes to the consolidated financial statements.*

# Mountain Mike's Pizza, LLC and Subsidiaries

## Consolidated Statements of Members' Equity

| | Units | Amount |
|---|---|---|
| **Balance** at January 1, 2019 as previously reported | 1,000 | $ 40,140,082 |
| Impact of change in accounting policy (Note 2) | - | 518,293 |
| Adjusted balance at January 1,2019 | | 40,658,375 |
| Net income | - | 3,474,908 |
| Distributions to members' | - | (5,001,364) |
| **Balance** at December 31, 2019 | 1,000 | 39,131,919 |
| Net income | - | 7,642,630 |
| Distributions to members' | - | (3,931,389) |
| **Balance** at December 31, 2020 | 1,000 | $ 42,843,160 |

*See accompanying notes to the consolidated financial statements.*

# Mountain Mike's Pizza, LLC and Subsidiaries

## Consolidated Statements of Cash Flows

| *For the years ended December 31,* | 2020 | 2019 |
|---|---|---|
| **Operating activities** | | |
| Net income | $ 7,642,630 | $ 3,474,908 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 487,831 | 493,846 |
| Accretion of long-term payable discount | 121,209 | 63,323 |
| (Recovery of) provision for bad debt | (6,000) | 6,000 |
| Gain on disposal of assets | - | (9,238) |
| Changes in operating assets and liabilities, net of assets acquired and liabilities assumed: | | |
| Accounts receivable | (338,880) | (298,374) |
| Prepaid expenses and other assets | (245,695) | (70,016) |
| Accounts payable | 113,259 | (164,263) |
| Marketing fund obligations | 893,395 | 262,832 |
| Deferred revenue | 222,500 | (147,275) |
| Accrued expenses and short-term area developer payable | (693,009) | 1,740,788 |
| Notes receivable | (905,384) | (140,000) |
| Net cash provided by operating activities | 7,291,856 | 5,212,531 |
| **Investing activities** | | |
| Purchases of property and equipment | (42,408) | (98,182) |
| Proceeds from sale of property and equipment | - | 9,238 |
| Net cash used in investing activities | (42,408) | (88,944) |
| **Financing activities** | | |
| Member distributions | (3,931,389) | (5,001,364) |
| Net cash used in financing activities | (3,931,389) | (5,001,364) |
| **Net increase (decrease) in cash and restricted cash** | 3,318,059 | 122,223 |
| **Cash and restricted cash, beginning of year** | 1,803,865 | 1,681,642 |
| **Cash and restricted cash, end of year** | $ 5,121,924 | $ 1,803,865 |
| **Supplemental disclosure of cash flow information:** | | |
| Cash paid for state franchise taxes | $ (800) | $ (800) |

*See accompanying notes to the consolidated financial statements.*

## 1. Organization

Mountain Mike's Pizza, LLC ("MMP" or the "Company) is the franchisor of Mountain Mike's Pizza, a system of fast casual restaurants featuring upscale, made-to-order pizzas. As of December 31, 2020, and 2019, there were 228 and 215, respectively, Mountain Mike's Pizza restaurants, all of which are franchised. As of December 31, 2020, the majority of the Company's operations were located in California, with one franchised restaurant located in Oregon and one franchised restaurant located in Utah. The Company was organized as a limited liability company under the laws of Delaware on February 24, 2017, and has a single member. On April 4, 2017, the Company acquired substantially all of the assets of the Mountain Mike's Pizza brand from Concept Acquisitions, LLC ("COAC"). See Note 2.

### *Novel Coronavirus (COVID-19)*

In March 2020, the World Health Organization characterized the novel coronavirus ("COVID-19") outbreak as a pandemic. While initially the outbreak was largely concentrated in China and caused significant disruptions to its economy, it has since spread to many other countries and infections have been reported globally, including in the United States and in some of the markets in which we operate. The Company's operating results depend significantly on the demand by customers. While the Company has not seen a negative impact on the demand resulting from the COVID-19 outbreak as of the date of these financial statements, if the outbreak causes weakness in national, regional and local economies that negatively impact the demand for services and/or increase bad debts, the Company's business, financial condition, liquidity, results of operations and prospects could be adversely impacted in 2021 and potentially beyond. In an effort to assist its' franchisees, the Company offered a deferment of 50% of the normal royalty payment and waived the 2% regional marketing payment for sales generated from March 16, 2020 to April 19, 2020 to help provide liquidity and financial flexibility to the franchisees. Royalties of $418,200 were deferred, which was fully collected by December 31, 2020. The Company was granted a 50% deferral for the April 2020 office rent, a total of $11,012. This amount will be repaid in 12 equal monthly installments during 2021.

On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES) Act." The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property.

The CARES act did not have a material impact on the Company's financial condition, results of operations or cash flows.

## 2. Summary of Significant Accounting Policies

### *Principles of Consolidation*

The consolidated financial statements include the accounts of MMP and its two wholly owned subsidiaries, MMP Regional Promotion Fund, Inc. ("MMPR") and MMP National Promotion Fund, Inc. ("MMPN"). MMPR and MMPN are collectively referred to as the "Marketing Funds". The Marketing Funds were formed in California on March 22, 2017, for the purpose of holding advertising and marketing funds on behalf of MMP's franchisees. These funds are deployed into advertising and

marketing initiatives on both the local and regional level to drive sales growth at MMP's franchised restaurants, support communities in which MMP's restaurants are located and increase customer recognition of the Mountain Mike's Pizza brand. The Company treats the collection and disbursement of amounts within the Marketing Funds as contractual obligations, resulting in an agency relationship under which such designated funds are required to be segregated and used for the purposes specified above. Refer to advertising franchise fees in the changes in accounting policy section below for the description of the accounting for these transactions. All significant intercompany accounts and transactions have been eliminated in consolidation. The accompanying consolidated financials are presented as of December 31, 2020 and 2019, and for the years then ended.

***Use of Estimates***

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could materially differ from those estimates. Principal areas requiring the use of estimates include the allowance for bad debt, fair values of assets acquired and liabilities assumed, and impairment of goodwill, long lived assets and intangible assets.

***Cash***

The Company maintains cash balances at financial institutions, and at times, balances may exceed federally insured limits. The Company has never experienced any losses related to these balances and believes it is not exposed to any significant credit risk on such accounts.

***Restricted Cash***

The cash balances of the Marketing Funds totaling $1,553,048 and $659,653 as of December 31, 2020 and 2019 respectively, which are held on behalf of MMP's franchisees by MMPR and MMPN for advertising and marketing purposes (see "Principles of Consolidation"), are classified as restricted cash with a corresponding marketing fund obligation liability on the accompanying consolidated balance sheets.

The following table provides a reconciliation of cash and restricted cash reported in the consolidated balance sheets to the same total reported in the consolidated statements of cash flows.

| *December 31,* | 2020 | 2019 |
|---|---|---|
| Cash | $ 3,568,876 | $ 1,144,212 |
| Restricted Cash | 1,553,048 | 659,653 |
| Cash and restricted cash, end of year on the statement of cash flow | $ 5,121,924 | $ 1,803,865 |

***Accounts Receivable and Allowance for Doubtful Accounts***

Accounts receivable consist of royalty billings to franchisees, franchise fees, licensing fees and rebates due from key vendors, and immaterial interest receivable. Terms generally range from 10 days to 30 days. Accounts receivable are presented net of an allowance for bad debt. Credit risks with respect to such accounts receivable are limited due to the large number of franchisees comprising the Company's franchisee base and vendors comprising the Company's vendor base. The Company assesses the creditworthiness of franchisees by monitoring restaurant sales performance and franchisee payment performance as well as acting promptly to remedy any past due balances.

*Property and Equipment, net*

Property and equipment is stated at cost and is depreciated using the straight-line method over the estimated useful lives of the assets. See Note 3.

Major renewals and betterments are capitalized while maintenance costs and repairs are expensed in the period incurred.

*Notes Receivable*

The Company has a note receivable from an area developer, which is due in equal monthly installments through October 2024. The note is secured by a guaranty from the key principal of the area developer entity. On February 1, 2019, the Company issued a $200,000 secured promissory note to an existing franchisee for the acquisition and remodeling of an underperforming but high-volume potential restaurant. On December 1, 2020, the Company issued a $965,384 secured promissory note to an existing franchisee for the development and opening of 2 restaurants in Orange County, California for the purposes of showing the Company's new store design, and, where appropriate, to support new franchisee training and development. See Note 5.

*Goodwill*

Goodwill represents the excess of cost over fair value of net identified assets acquired in business combinations accounted for under the acquisition method.

The Company does not amortize its goodwill. The Company performs its impairment test annually at its fiscal year end, or more frequently if impairment indicators arise. Such review entails a qualitative analysis of factors included in ASC 350-20-35-3C. No impairments were recorded as of December 31, 2020 and 2019.

*Long Lived and Intangible Assets*

The Company reviews long lived assets for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. There were no such events or changes in circumstances that occurred during 2020.

Recoverability of long-lived assets is measured by comparing the carrying amount of the asset to the future undiscounted cash flows the asset is expected to generate. If the asset is considered to be impaired, the amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset.

The Company makes judgments about the recoverability of purchased intangible assets with finite lives whenever events or changes in circumstances indicate that an impairment may exist. Recoverability of purchased intangible assets with finite lives is measured by comparing the carrying amount of the asset to the future undiscounted cash flows the asset is expected to generate. No impairments were recorded as of December 31, 2020 and 2019.

*Fair Value of Financial Instruments*

The carrying amounts of cash, restricted cash, accounts receivable, notes receivable, other assets, accounts payable, accrued expenses and deferred revenue approximate fair value because of the generally short-term maturity of these financial instruments. Refer to Note 8 for fair value determination of the long-term area developer payable.

*Income Taxes*

The Company was formed as limited liability company subject to Subchapter K of the Internal Revenue Code. The Company's income (distributed or undistributed) will be taxed for federal and state income tax purposes to its member. Accordingly, no provision for federal and state income tax is required. The state of California recognizes subchapter K status for companies so filed for federal purposes. Generally Accepted Accounting Principles require management to evaluate tax positions taken by the Company and recognize a tax liability if the Company has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance for either 2020 or 2019.

*Recently Adopted Accounting Pronouncements*

In February 2021, the Financial Accounting Standards Board ("FASB") issued ASU 2021-02, "Revenues from Contracts with Customers (Subtopic 952-606)". The core principle of ASU 2021-02 is to provide a practical expedient for revenue recognition for a franchisor that is not a public business entity.

This practical expedient allows private company franchisors to account for certain pre-opening services, as defined in the ASU, as distinct from the franchise license and accounted for as a single performance obligation. The revenue from initial franchise fees would then be recognized upon the satisfaction of this single performance obligation. The Company early adopted ASU 2021-02 through the full retrospective method.

For additional information and discussion of the impact of the adoption of ASU 2021-02 on revenue recognition, see Changes in Accounting Policy below and Note 10 Revenue from Contracts with Customers

*Changes in Accounting Policies*

The Company adopted ASU 2021-02 using the full retrospective method and all amounts are presented retrospectively as of the date of ASC 606 was adopted, January 1, 2019, which has resulted in a change in accounting policy for revenue recognition. The Company recognized a cumulative adjustment of $518,293 as of January 1, 2019. The details of the significant changes and quantitative impact of the changes are set out below and also described in Note 10.

*Initial Franchise Fees*

Initial franchise fees consist of initial fees paid by franchisees at the start of the agreement, area development fees, and renewal fees. The fixed non-refundable fee, as determined by the signed development and/or franchise agreement, is due at the time the development agreement is entered into, and/or when the franchise agreement is signed, and does not include a finance component. Initial franchise fees are made up of performance obligations for training, access to plans, access to

vendors and Company specific pricing, area exclusivity, and the right to use the Company's intellectual property over the term of the agreement.

The Company has elected to early adopt the practical expedient provided by ASU 2021-02. This practical expedient allows the Company to account for its pre-opening services as distinct from the franchise license and as a single performance obligation, which generally occurs upon completion of training as this is when all material obligations have been performed and conditions have been satisfied

*Royalty Income*

Franchise royalties are based upon a percentage of net sales of the franchisee. The sales-based royalty fees and sales-based marketing fees are considered variable consideration and are recognized as revenue as such sales are earned by the franchisees. The sales-based royalty fee qualifies for the royalty constraint exception and does not require an estimate of future transaction price.

*Franchise Advertising Fees*

The Company also receives advertising funds from the franchisees to provide national and regional advertisements for the benefit of the franchisees (NAF). These advances and deposits are based on a fixed amount for each franchisee and are restricted and segregated. The Company presents advertising contributions received from franchisees as franchise advertising fee revenue and records all expenses of the advertising fund within operating expenses, resulting in an increase in revenues and expenses on the statements of operations, with no change to the balance sheets unless the advertising was underspent. When underspent (collections exceed expenditures), the advertising fund will accrue the difference from collections received and amount owed. The Company recorded $5,760,399 in advertising fee revenue, and $5,760,399 in advertising fee expense for the year ended December 31, 2020. The excess of funds received over funds expended prior to January 1, 2020 was recorded as an increase of $893,395 to the marketing fund obligation.

*Other Fees*

Other fees consist primarily of fees to attend the Company's annual convention. These fees are from both vendors and franchisees and are paid in advance of the annual convention. The performance obligation for the convention fees is to plan and hold the Company's annual convention. Convention fees are therefore recognized in the month the convention is held.

*Cost to Obtain Contracts*

The Company incurs costs that are directly attributable to obtaining a contract, for example broker fees, referral fees, and training fees. The Company has elected to early adopt the practical expedient provided by ASU 2021-02. This practical expedient allows the Company to account for its pre-opening services as distinct from the franchise license and as a single performance obligation, which generally occurs upon completion of training as this is when all material obligations have been performed and conditions have been satisfied. As such, costs to obtain contracts are not required to be deferred.

| | Impact of change in accounting policy | | |
|---|---|---|---|
| *December 31, 2019* | Balances as previously reported | Impact of ASU 2021-02 | As reported-ASU 2021-02 |
| **Assets** | | | |
| **Current assets** | | | |
| Franchise deferred expense, current | $ 63,789 | $ (63,789) | $ - |
| Total current assets | 3,846,511 | (63,789) | 3,782,721 |
| Franchise deferred expense, net of current portion | 712,941 | (712,941) | - |
| **Total assets** | $ 43,807,298 | $ (776,730) | $ 43,030,568 |
| **Liabilities and Equity** | | | |
| **Current liabilities** | | | |
| Deferred revenue, current portion | $ 227,579 | $ (82,579) | $ 145,000 |
| Total current liabilities | 2,772,170 | (82,579) | 2,689,590 |
| Deferred revenue, net of current portion | 1,774,215 | (1,470,882) | 303,333 |
| Total liabilities | 5,452,110 | (1,553,461) | 3,898,649 |
| **Commitments and contingencies** | | | |
| **Member's equity** | | | |
| Member's Equity | 38,355,187 | 776,732 | 39,131,919 |
| **Total liabilities and member's equity** | $ 43,807,298 | $ (776,730) | $ 43,030,568 |

*The remainder of this page intentionally left blank.*

| | | Impact of change in accounting policy | |
|---|---|---|---|
| *December 31, 2019* | Balances as previously reported | Impact of ASU 2021-02 | As reported-ASU 2021-02 |
| **Revenue** | | | |
| Other Income | $ 3,484,672 | $ 516,879 | $ 4,001,551 |
| Total revenue | 17,650,268 | 516,879 | 18,167,147 |
| **Costs and expenses** | | | |
| Selling and advertising | 8,756,298 | 258,440 | 9,014,738 |
| Total costs and expenses | 14,377,172 | 258,440 | 14,635,612 |
| **Operating income** | 3,273,098 | 258,439 | 3,531,535 |
| Income before taxes | 3,234,298 | 258,439 | 3,492,737 |
| **Net income** | $ 3,216,469 | $ 258,439 | $ 3,474,908 |

***Recently Issued Accounting Pronouncements not yet Adopted***

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)". The core principle of ASU 2016-02 is that a lessee should recognize the assets and liabilities that arise from leases, including operating leases. Under the new requirements, a lessee will recognize in the statement of financial position a liability to make lease payments (the lease liability) and the right-of-use asset representing the right to the underlying asset for the lease term. For leases with a term of 12 months or less, the lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous GAAP. The standard was originally scheduled to effective for nonpublic entities for fiscal years beginning after December 15, 2019. In November 2019 the FASB issued ASU 2019-10, "Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)" which delay the effective date by one year to December 2021. The Company is currently evaluating the standard and the impact on its consolidated financial statements and footnote disclosures.

In January 2017, the FASB issued ASU No. 2017-04, "Intangibles—Goodwill and Other (Topic 350) Simplifying the Test for Goodwill Impairment." The updated standard requires only a one-step quantitative impairment test, whereby a goodwill impairment loss will be measured as the excess of a reporting unit's carrying amount over its fair value (not to exceed the total goodwill allocated to that reporting unit). The ASU also eliminates Step 2 of the current two-step goodwill impairment test, under which a goodwill impairment loss is measured by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. ASU 2017-04 is effective for non-public business entities for their annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2020. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company is currently evaluating the effects of this guidance on its consolidated financial statements.

## 3. Property and Equipment, net

Property and equipment, net consisted of the following:

| *December 31,* | Life (Years) | 2020 | 2019 |
|---|---|---|---|
| Furniture | 5 | $ 42,067 | $ 14,972 |
| Computer and office equipment | 5 | 54,807 | 39,494 |
| Automobiles | 5 | 79,585 | 79,585 |
| Franchise development platform | 5 | 27,690 | 27,690 |
| Total property and equipment | | 204,149 | 161,741 |
| Less accumulated depreciation | | (80,047) | (44,502) |
| Total property and equipment, net | | $ 124,102 | $ 117,239 |

Depreciation expense was $35,545 and $25,931 for the years ended December 31, 2020 and 2019, respectively. The Company had no assets under a capital lease at December 31, 2020 and 2019.

## 4. Goodwill and Intangible Assets, net

Intangible assets are amortized on a straight-line basis, which reflects management's best estimate of the pattern of economic benefit, over the estimated useful lives as detailed below. Intangible assets, net consist of the following:

| *December 31,* | Life (Years) | 2020 | 2019 |
|---|---|---|---|
| Non-compete agreement | 2 | $ 125,000 | $ 125,000 |
| Franchise system | 35 | 15,830,000 | 15,830,000 |
| Tradenames and trademarks | Indefinite | 3,850,000 | 3,850,000 |
| Goodwill | Indefinite | 20,145,000 | 20,145,000 |
| Total intangible assets | | 39,950,000 | 39,950,000 |
| Less accumulated amortization | | (1,821,072) | (1,368,786) |
| Intangible assets, net | | $ 38,128,928 | $ 38,581,214 |

For the years ended December 31, 2020 and 2019, amortization expenses for the non-compete agreements and the franchise system were $452,286 and $467,910, respectively.

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The estimated amortization expenses for the Company's amortizable intangible assets as of December 31, 2020, for each of the five succeeding fiscal years and thereafter, are as follows with a remaining weighted average service life of approximately 32 years:

| *Fiscal Years Ending* | |
|---|---|
| 2021 | $ 452,286 |
| 2022 | 452,286 |
| 2023 | 452,286 |
| 2024 | 452,286 |
| 2025 | 452,286 |
| Thereafter | 11,872,498 |
| Total | $ 14,133,928 |

There were no changes in the carrying amount of goodwill for the period from January 1, 2019 through December 31, 2020.

## 5. Notes Receivable

In 2017, the Company signed an unsecured note receivable with an area developer, which is due in equal monthly installments through August 2024 and bears an annual interest rate of 0%. The note is collateralized by a guarantee from the key principal of the area development entity. On February 1, 2019, the Company issued a $200,000 unsecured promissory note to an existing franchisee for the acquisition and remodeling of an underperforming but high-volume potential restaurant. The note bears an annual interest rate of 10%. On December 1, 2020, the Company issued a $965,384 unsecured promissory note to an existing franchisee for the development and opening of 2 restaurants in Orange County, California for the purposes of showing the Company's new store design, and to support, where appropriate, new franchisee training and development. The note bears an annual interest rate of 8%. A summary of note receivable principal maturities follows:

| *Years ending December 31,* | |
|---|---|
| 2021 | $ 60,000 |
| 2022 | 260,000 |
| 2023 | 1,025,384 |
| 2024 | 40,000 |
| Notes receivable | $ 1,385,384 |

## 6. Accrued Expenses

The following is a summary of the components of accrued expenses:

| *December 31,* | 2020 | 2019 |
|---|---|---|
| Accrued payroll and related costs | $ 374,129 | $ 301,391 |
| Accrued general and administrative expenses | 81,298 | 82,372 |
| Current portion of area developer payable *(1)* | 956,229 | 679,294 |
| Other | 67,455 | 82,128 |
| Total accrued expenses | $ 1,479,111 | $ 1,145,185 |

*(1)* Refer to footnote 8.

## 7. Related Party Transactions

The Company receives management services from MM Pizza Managers, LLC ("MMPM"), an affiliate of the Company. Affiliates of MMPM also constitute a majority of the Company's board of managers. Amounts due under this agreement are $400,000 per annum, payable quarterly in arrears, subject to increase should the Company's earnings before interest, taxes, depreciation and amortization exceed certain specified levels. This agreement continues in force until such time as affiliates of MMPM no longer constitute a majority of the Company's board of managers. The Company recognized $370,835 and $300,000 of expense under this agreement for the periods ending December 31, 2020 and 2019, respectively, which is included in selling, general and administrative expense.

## 8. Commitments and Contingencies

### *Lease Commitments*

The Company leases office spaces under a noncancelable operating lease expiring in December 2024 and also leases office equipment under noncancelable operating leases expiring in October 2022. The Company's rent expenses for the years ended December 31, 2020 and 2019 was approximately $220,000 and $90,000, respectively, and is included in selling, general and administrative expenses on the accompanying consolidated statements of income.

Future minimum lease payments under noncancelable operating leases at December 31, 2020 are as follows:

| *Years ending December 31,* | Lease Obligation |
|---|---|
| 2021 | $ 328,383 |
| 2022 | 322,076 |
| 2023 | 288,489 |
| 2024 | 297,404 |
| Total minimum lease payments | $ 1,236,352 |

### *Employment Agreements*

On September 1, 2018, as amended on January 28, 2020, the Company entered into an employment agreement with a key officer, the term of which expires in December 2022, subject to automatic renewals for successive one-year periods unless advance notice of nonrenewal is provided by either party. The agreement provides for the payment of salary as well as incentive bonuses payable upon achievement of Company performance and/or individual performance objectives.

### *Area Developer Incentive Agreement*

On October 1, 2019, the Company entered into an incentive agreement with an Area Developer. The Company was required to pay the Area Developer $3,000,000, of which $250,000 was paid in 2019 and $1,750,000 was paid in 2020.

A summary of the incentive agreement at December 31, 2020 and 2019 are as follows:

| | 2020 | 2019 |
|---|---|---|
| Area Developer incentive payable | $ 1,000,000 | $ 1,750,000 |
| Total payable amount | 1,000,000 | 1,750,000 |
| Less: unamortized discount | (43,771) | (164,980) |
| Total carrying amount | 956,229 | 1,585,020 |
| Less: current portion | 956,229 | (679,294) |
| Long term payable | $ - | $ 905,726 |

The Company recognized an initial expense of $2,521,697 in 2019. The net present value of the consideration payable was determined using a discount rate of 10%. At December 31, 2020, the aggregate carrying value is all current and is recorded in accrued expenses, as adjusted for accretion of interest of $43,771. The Company recorded $121,209 and $63,323 of accretion as interest expense on the consolidated statements of income for the year ended December 31, 2020 and 2019, respectively.

***Legal Matters***

The Company is subject to certain outside claims and litigation arising in the ordinary course of business. In the opinion of the Company's management, the outcome of such matters will not have a material effect on the Company's consolidated financial statements.

***Guarantee***

The Company is a guarantor of two term loans owed by its sole member to a lender in the principal amount of $27,500,000 as of December 31, 2020. Term Loan A, in the principal amount of $12,500,000 as of December 31, 2020, carries a fixed interest rate of 7.00%. Term Loan B, in the principal amount of $15,000,000 as of December 31, 2020, carries a fixed interest rate of 13.00%. Term Loan A and Term Loan B have no fixed payment schedule. The term loans mature in April 2023 and are secured by substantially all assets of the Company. During 2019, the sole member made a $2 million prepayment on Term Loan A. During 2020, the sole member made a $1 million prepayment on Term Loan A. The sole member was in compliance with all debt covenants as of December 31, 2020.

## 9. Defined Contribution Plan

The Company sponsors a 401(k) retirement savings plan. Eligibility begins on the first day of employment. The Company provides a matching contribution of up to 4% of participating employees' eligible compensation. The Company contributed approximately $46,000 and $30,000 for the years ended 2020 and 2019, respectively, which is included in selling, general and administrative expenses on the Company's consolidated statements of income.

## 10. Revenue from Contracts with Customers

***Adoption of ASU 2021-02***

In February 2021, the Financial Accounting Standards Board ("FASB") issued ASU 2021-02, "Revenues from Contracts with Customers (Subtopic 952-606)". The core principle of ASU 2021-02 is to provide a practical expedient for revenue recognition for a franchisor that is not a public business entity.

This practical expedient allows private company franchisors to account for certain pre-opening services, as defined in the ASU, as distinct from the franchise license and accounted for as a single performance obligation. The revenue from initial franchise fees would then be recognized upon the satisfaction of this single performance obligation. The Company early adopted ASU 2021-02 effective for the period beginning January 1, 2019.

***Revenue Recognition Timing***

| | 2020 | 2019 |
|---|---|---|
| Revenue recognized over time | $ 19,383,696 | $ 17,162,891 |
| Revenue recognized at a point in time | 854,936 | 1,004,256 |
| Total Revenue | $ 20,238,632 | $ 18,167,147 |

Royalties and franchise advertising fee are recognized over time through the duration of the month of billing and all amounts billed in the year ended December 31, 2020 have been recognized.

***Contract Balances***

The following table provides information about the change in the franchise deferred expenses balances during the year ended December 31, 2019.

| | 2019 |
|---|---|
| January 1, 2019- beginning balance as previously reported | $ 518,293 |
| Impact from change in accounting policy-Note 2 | (518,293) |
| January 1, 2019- beginning balance as adjusted | $ - |

With the adoption of ASU 2019-02, the Company's costs to obtain contracts are not required to be deferred.

The following table provides information about the change in the franchise contract liability balances during the year ended December 31, 2020.

| | 2020 |
|---|---|
| January 1, 2020 - deferred revenue | $ 448,333 |
| Revenue recognized - beginning balance | (130,000) |
| Additional deferred revenue | 412,500 |
| Revenue recognized - additional deferred revenue | (60,000) |
| Deferred revenue | 670,833 |
| Less: current maturities | 467,500 |
| Deferred revenue, net of current maturities | $ 203,333 |

The following table provides information about the change in the franchise contract liability balances during the year ended December 31, 2019.

| | 2019 |
|---|---|
| January 1, 2019 - deferred revenue as reported | $ 2,001,794 |
| Impact from change in accounting policy-Note 2 | (1,406,186) |
| January 1, 2019- beginning balance as adjusted | 595,608 |
| Revenue recognized, beginning balance | (147,275) |
| Additional deferred revenue | 129,168 |
| Revenue recognized - additional deferred revenue | (129,168) |
| Deferred revenue | 448,333 |
| Less: current maturities | 145,000 |
| Deferred revenue, net of current maturities | $ 303,333 |

Amounts recorded as contract liabilities are for initial franchise fees that have been collected, but the performance obligation has not been satisfied. When the performance obligation is satisfied, typically at the conclusion of training, the amount will be recognized point in time as revenue. Franchise contract liability is included in deferred revenue on the consolidated balance sheets.

Amounts recorded as contract liabilities are for initial franchise fees that have been collected, but the performance obligation has not been satisfied. When the performance obligation is satisfied, typically at the conclusion of training, the amount will be recognized point in time as revenue. Franchise contract liability is included in deferred revenue on the consolidated balance sheets.

## 11. Subsequent Events

Management has evaluated events that have occurred through April 12, 2021, the date the consolidated financial statements were available to be issued and identified no subsequent events.

# Mountain Mike's Pizza, LLC and Subsidiaries

## Consolidated Financial Statements

As of and for the Years Ended
December 31, 2019 and 2018

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.

BDO

# Mountain Mike's Pizza, LLC and Subsidiaries

## Consolidated Financial Statements

As of and for the Years Ended December 31, 2019 and 2018

# Mountain Mike's Pizza, LLC and Subsidiaries

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## Independent Auditor's Report

Board of Managers
Mountain Mike's Pizza, LLC and Subsidiaries
Newport Beach, California

We have audited the accompanying consolidated financial statements of Mountain Mike's Pizza, LLC and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of income, members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mountain Mike's Pizza, LLC and Subsidiaries as of December 31, 2019 and 2018, and the results of their operations and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### *Emphasis of Matter Regarding Change in Accounting Policy Related to Revenue Recognition*

As discussed in Note 2 to the consolidated financial statements, the Company has changed its accounting policy for revenue recognition and related disclosures in 2019 due to the modified retrospective adoption of Accounting Standards Codification 606, Revenue from Contracts with Customers.

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*Emphasis of Matter*

As discussed in Note 11 to the consolidated financial statements, in January 2020, the World Health Organization ("WHO") has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

BDO USA, LLP

April 15, 2020

# Consolidated Financial Statements

# Mountain Mike's Pizza, LLC and Subsidiaries

## Consolidated Balance Sheets

| *December 31,* | 2019 | 2018 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash | $ 1,144,212 | $ 1,284,821 |
| Restricted cash | 659,653 | 396,821 |
| Accounts receivable, net of allowance for bad debt of $16,000 and $10,000, respectively | 1,861,530 | 1,569,158 |
| Note receivable, current portion | 60,000 | 60,000 |
| Prepaid expenses | 57,326 | 48,113 |
| Franchise deferred expense, current | 63,789 | - |
| Total current assets | 3,846,511 | 3,358,913 |
| Property and equipment, net | 117,239 | 44,989 |
| Intangible assets, net | 18,436,214 | 18,904,125 |
| Goodwill | 20,145,000 | 20,145,000 |
| Notes receivable, net of current portion | 420,000 | 280,000 |
| Franchise deferred expense, net of current portion | 712,941 | - |
| Other assets, net | 129,394 | 68,591 |
| **Total assets** | $ 43,807,298 | $ 42,801,618 |
| **Liabilities and Members' Equity** | | |
| Current liabilities | | |
| Accounts payable | $ 739,753 | $ 904,016 |
| Accrued expenses | 1,145,185 | 246,800 |
| Marketing fund obligations | 659,653 | 396,821 |
| Deferred revenue, current portion | 227,579 | 177,275 |
| Total current liabilities | 2,772,170 | 1,724,912 |
| Deferred revenue, net of current portion | 1,774,215 | 418,333 |
| Long-term are developer payable | 905,726 | - |
| Total liabilities | 5,452,111 | 2,143,245 |
| **Commitments and contingencies** | | |
| **Members' Equity** | | |
| Total members' equity | 38,355,187 | 40,658,373 |
| **Total liabilities and members' equity** | $ 43,807,298 | $ 42,801,618 |

*See accompanying notes to the consolidated financial statements.*

# Mountain Mike's Pizza, LLC and Subsidiaries

## Consolidated Statements of Income

| *For the years ended December 31,* | 2019 | 2018 |
|---|---|---|
| **Revenues:** | | |
| Royalties | $ 9,038,564 | $ 8,090,945 |
| Franchise advertising fee | 5,127,032 | |
| Other income | 3,484,672 | 3,695,211 |
| Total revenues | 17,650,268 | 11,786,156 |
| **Operating expenses:** | | |
| Selling, general and administrative | 8,756,298 | 6,009,409 |
| Franchise advertising fee | 5,127,032 | |
| Depreciation and amortization | 493,842 | 529,556 |
| **Total operating expenses** | 14,377,172 | 6,538,965 |
| Operating income | 3,273,096 | 5,247,191 |
| **Other income (expense):** | | |
| Interest expense, net | (48,036) | 4,333 |
| Gain (loss) on disposal of fixed assets | 9,238 | (2,941) |
| Total other income | (38,798) | 1,392 |
| Income before taxes | 3,234,298 | 5,248,583 |
| State franchise taxes | 17,829 | 14,331 |
| **Net income** | $ 3,216,469 | $ 5,234,252 |

*See accompanying notes to the consolidated financial statements.*

# Mountain Mike's Pizza, LLC and Subsidiaries

## Consolidated Statements of Members' Equity

| | Units | Amount |
|---|---|---|
| Balance at January 1, 2018 | 1,000 | $ 41,421,062 |
| Capital contributions from Members' | - | 250,000 |
| Net income | - | 5,234,252 |
| Distributions to members' | - | (6,246,941) |
| Balance at December 31, 2018 | 1,000 | 40,658,373 |
| Balance at January 1, 2019 as previously reported | 1,000 | 40,658,373 |
| Impact of change in accounting policy (Note 2) | - | (518,291) |
| Adjusted balance at January 1,2019 | | 40,140,082 |
| Net income | - | 3,216,469 |
| Distributions to members' | - | (5,001,364) |
| Balance at December 31, 2019 | 1,000 | $ 38,355,187 |

*See accompanying notes to the consolidated financial statements.*

# Mountain Mike's Pizza, LLC and Subsidiaries

## Consolidated Statements of Cash Flows

| *For the years ended December 31,* | 2019 | 2018 |
|---|---|---|
| **Operating activities** | | |
| Net income | $ 3,216,469 | $ 5,234,252 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 493,842 | 529,556 |
| Accretion of long-term payable discount | 63,323 | - |
| Provision for bad debt | 6,000 | 6,000 |
| Gain (loss) on disposal of assets | (9,238) | 2,941 |
| Changes in operating assets and liabilities, net of assets acquired and liabilities assumed: | | |
| Accounts receivable | (298,372) | (149,694) |
| Prepaid expenses and other assets | (70,016) | (51,199) |
| Franchise deferred expense | (258,439) | - |
| Accounts payable | (164,263) | (85,114) |
| Marketing fund obligations | 262,832 | (980,617) |
| Deferred revenue | 369,604 | 6,461 |
| Accrued expenses and long-term area developer payable | 1,740,788 | - |
| Notes receivable | (140,000) | (146,760) |
| Net cash provided by operating activities | 5,212,530 | 4,365,826 |
| **Investing activities** | | |
| Purchases of property and equipment | (98,181) | (20,679) |
| Proceeds from sale of property and equipment | 9,238 | 1,500 |
| Net cash used in investing activities | (88,943) | (19,179) |
| **Financing activities** | | |
| Capital contributions from member | - | 250,000 |
| Member distributions | (5,001,364) | (6,246,941) |
| Net cash (used in) provided by financing activities | (5,001,364) | (5,996,941) |
| **Net increase (decrease) in cash and restricted cash** | 122,223 | (1,650,294) |
| **Cash and restricted cash, beginning of year** | 1,681,642 | 3,331,936 |
| **Cash and restricted cash, end of year** | $ 1,803,865 | $ 1,681,642 |
| **Supplemental disclosure of cash flow information:** | | |
| Cash paid for state franchise taxes | $ (800) | $ (800) |

*See accompanying notes to the consolidated financial statements.*

## 1. Organization

Mountain Mike's Pizza, LLC ("MMP" or the "Company) is the franchisor of Mountain Mike's Pizza, a system of fast casual restaurants featuring upscale, made-to-order pizzas. As of December 31, 2019, and 2018, there were 215 and 204, respectively, Mountain Mike's Pizza restaurants, all of which are franchised. The majority of the Company's operations are located in California, with one restaurant located in Oregon and one restaurant located in Utah. At December 31, 2018, there were also two restaurants located in Nevada which closed in July 2019. The Company was organized as a limited liability company under the laws of Delaware on February 24, 2017, and has a single member. On April 4, 2017, the Company acquired substantially all of the assets of the Mountain Mike's Pizza brand from Concept Acquisitions, LLC ("COAC"). See Note 2.

## 2. Summary of Significant Accounting Policies

### *Principles of Consolidation*

The consolidated financial statements include the accounts of MMP and its two wholly owned subsidiaries, MMP Regional Promotion Fund, Inc. ("MMPR") and MMP National Promotion Fund, Inc. ("MMPN"). MMPR and MMPN are collectively referred to as the "Marketing Funds". The Marketing Funds were formed in California on March 22, 2017, for the purpose of holding advertising and marketing funds on behalf of MMP's franchisees. These funds are deployed into advertising and marketing initiatives on both the local and regional level to drive sales growth at MMP's franchised restaurants, support communities in which MMP's restaurants are located and increase customer recognition of the Mountain Mike's Pizza brand. The Company treats the collection and disbursement of amounts within the Marketing Funds as contractual obligations, resulting in an agency relationship under which such designated funds are required to be segregated and used for the purposes specified above. Refer to advertising franchise fees in the changes in accounting policy section below for the description of the accounting for these transactions. All significant intercompany accounts and transactions have been eliminated in consolidation. The accompanying consolidated financials are presented as of December 31, 2019 and 2018, and for the years then ended.

### *Use of Estimates*

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could materially differ from those estimates. Principal areas requiring the use of estimates include the allowance for bad debt, fair values of assets acquired and liabilities assumed, and impairment of goodwill, long lived assets and intangible assets.

### *Cash*

The Company maintains cash balances at financial institutions, and at times, balances may exceed federally insured limits. The Company has never experienced any losses related to these balances and believes it is not exposed to any significant credit risk on such accounts.

### *Restricted Cash*

The cash balances of the Marketing Funds totaling $659,653 and $396,821 as of December 31, 2019 and 2018 respectively, which are held on behalf of MMP's franchisees by MMPR and MMPN for advertising and marketing purposes (see "Principles of Consolidation"), are classified as restricted

cash with a corresponding marketing fund obligation liability on the accompanying consolidated balance sheets.

The following table provides a reconciliation of cash and restricted cash reported in the consolidated balance sheets to the same total reported in the consolidated statements of cash flows.

| December 31, | 2019 | 2018 |
|---|---|---|
| Cash | $ 1,144,212 | $ 1,284,821 |
| Restricted Cash | 659,653 | 396,821 |
| Cash and restricted cash, end of year on the statement of cash flow | $ 1,803,865 | $ 1,681,641 |

***Accounts Receivable and Allowance for Doubtful Accounts***

Accounts receivable consist of royalty billings to franchisees, franchise fees, licensing fees and rebates due from key vendors. Terms generally range from 10 days to 30 days. Accounts receivable are presented net of an allowance for bad debt. Credit risks with respect to such accounts receivable are limited due to the large number of franchisees comprising the Company's franchisee base and vendors comprising the Company's vendor base. The Company assesses the creditworthiness of franchisees by monitoring restaurant sales performance and franchisee payment performance as well as acting promptly to remedy any past due balances. No accounts receivable had been charged to the allowance for bad debts as of and for the years ended December 31, 2019 and 2018.

***Property and Equipment, net***

Property and equipment is stated at cost and is depreciated using the straight-line method over the estimated useful lives of the assets. See Note 4.

Major renewals and betterments are capitalized while maintenance costs and repairs are expensed in the period incurred.

***Notes Receivable***

The Company has a note receivable from an area developer, which is due in equal monthly installments through October 2024. The note is secured by a guaranty from the key principal of the area developer entity. On February 1, 2019, the Company issued a $200,000 secured promissory note to an existing franchisee for the acquisition and remodeling of an underperforming but high-volume potential restaurant. See Note 6.

***Goodwill***

Goodwill represents the excess of cost over fair value of net identified assets acquired in business combinations accounted for under the acquisition method.

The Company does not amortize its goodwill. The Company performs its impairment test annually at its fiscal year end, or more frequently if impairment indicators arise. Such review entails a qualitative analysis of factors included in ASC 350-20-35-3C. No impairments were recorded as of December 31, 2019 and 2018.

*Long Lived and Intangible Assets*

The Company reviews long lived assets for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. There were no such events or changes in circumstances that occurred during 2019.

Recoverability of long-lived assets is measured by comparing the carrying amount of the asset to the future undiscounted cash flows the asset is expected to generate. If the asset is considered to be impaired, the amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset.

The Company makes judgments about the recoverability of purchased intangible assets with finite lives whenever events or changes in circumstances indicate that an impairment may exist. Recoverability of purchased intangible assets with finite lives is measured by comparing the carrying amount of the asset to the future undiscounted cash flows the asset is expected to generate. No impairments were recorded as of December 31, 2019 and 2018.

*Fair Value of Financial Instruments*

The carrying amounts of cash, restricted cash, accounts receivable, notes receivable, other assets, accounts payable, accrued expenses and deferred revenue approximate fair value because of the generally short-term maturity of these financial instruments. Refer to Note 8 for fair value determination of the long-term area developer payable.

*Income Taxes*

The Company was formed as limited liability company subject to Subchapter K of the Internal Revenue Code. The Company's income (distributed or undistributed) will be taxed for federal and state income tax purposes to its member. Accordingly, no provision for federal and state income tax is required. The state of California recognizes subchapter K status for companies so filed for federal purposes. Generally Accepted Accounting Principals require management to evaluate tax positions taken by the Company and recognize a tax liability if the Company has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance for either 2019 or 2018.

*Recently Adopted Accounting Pronouncements*

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers (Topic 606)" with an effective date deferred by ASU 2015-14. On January 1, 2019, the Company adopted ASU 2014-09 using the modified retrospective method applied to those contracts, which were not fully satisfied as of January 1, 2019. Results for reporting period beginning after January 1, 2019 are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with the Company's historic accounting under Topic 605. The Company has recognized an adjustment to members' equity, related to the cumulative effect of adopting ASU 2014-09 at the date of adoption. For additional information and discussion of the impact of the adoption of Topic 606 on revenue recognition, see Changes in Accounting Policies below and Note 10 Revenue from Contracts with Customers.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)". The core principle of ASU 2016-02 is that a lessee should recognize the assets and liabilities that arise from leases, including operating leases. Under the new requirements, a lessee will recognize in the statement of financial position a liability to make lease payments (the lease liability) and the right-of-use asset representing the right to the underlying asset for the lease term. For leases with a term of 12 months or less, the lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous GAAP. The standard was originally scheduled to effective for nonpublic entities for fiscal years beginning after December 15, 2019. In November 2019 the FASB issued ASU 2019-10, "Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)" which delay the effective date by one year to December 2020. The Company is currently evaluating the standard and the impact on its financial statements and footnote disclosures.

In August 2016, the FASB issued ASU 2016-15, "Statement of Cash Flows (Topic 230)." The updated standard addresses eight specific cash flow issues with the objective of reducing diversity in practice. ASU 2016-15 is effective for non-public business entities for annual reporting periods beginning after December 15, 2018, including interim periods within those annual reporting periods. The Company adopted this guidance effective January 1, 2019 using the retrospective transition approach for all periods presented. The adoption of ASU 2016-15 did not have a material impact on the Company's consolidated financial statements.

On November 17, 2016, the FASB issued ASU 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash", providing specific guidance on the cash flow classification and presentation of changes in restricted cash and restricted cash equivalents. The amendments in ASU 2016-18 require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents (collectively "CASH"). Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in ASU 2016-18 are effective for private business entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. The Company adopted this guidance effective January 1, 2019, using the retrospective transition approach for all periods presented. As a result of the adoption of ASU 2016-18 the Company has shown the changes in the total of cash and restricted cash in the Statements of Cash Flows.

***Changes in Accounting Policies***

The Company adopted Topic 606, with a date of initial application of January 1, 2019. As a result, the Company has changed its accounting policy for revenue recognition as detailed below.

The core principle of ASU 2014-09 is built on the contract between a vendor and a customer for the provision of goods and services, and attempts to depict the exchange of rights and obligations between the parties in the pattern of revenue recognition based on the consideration to which the vendor is entitled. To accomplish this objective, the standard requires five basic steps: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, (v) recognize revenue when (or as) the entity satisfies a performance obligation. The Company applied Topic 606 using the modified retrospective method by recognizing the cumulative effect of initially applying Topic 606 as an adjustment to the opening balance of member's equity at January 1, 2019.

Therefore, the comparative information has not been adjusted and continues to be reported under Topic 605. The details of the significant changes and quantitative impact of the changes are set out below and also described in Note 10.

*Initial Franchise Fees*

Initial franchise fees consist of initial fees paid by franchisees at the start of the agreement, area development fees, and renewal fees. The fixed non-refundable fee, as determined by the signed development and/or franchise agreement, is due at the time the development agreement is entered into, and/or when the franchise agreement is signed, and does not include a finance component. Initial franchise fees are made up of performance obligations for training, access to plans, access to vendors and Company specific pricing, area exclusivity, and the right to use the Company's intellectual property over the term of the agreement. The Company's previous accounting policy was to recognize initial franchise fees, development fees, and franchise agreement renewals when all material obligations had been performed and conditions had been satisfied, typically when training had been completed. In accordance with 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 term of the franchise agreement, which is typically fifteen years. The Company offers a discounted renewal to incentivize future renewals after the end of the initial franchise term. As this is considered a separate performance obligation, the Company allocates a portion of the initial franchise fee to this discounted renewal, on a pro-rata basis, assuming a 10-year renewal. This performance obligation is satisfied over the renewal term, which is typically 10 years, while payment is fixed and due at the time the renewal is signed.

*Royalty Income*

Franchise royalties are based upon a percentage of net sales of the franchisee and were previously recorded as income as such sales are earned by the franchisees. The sales-based royalty fees and sales-based marketing fees are considered variable consideration and will continue to be recognized as revenue as such sales are earned by the franchisees. The sales-based royalty fee qualifies for the royalty constraint exception and does not require an estimate of future transaction price.

*Franchise Advertising Fees*

The Company also receives advertising funds from the franchisees to provide national and regional advertisements for the benefit of the franchisees (NAF). These advances and deposits are based on a fixed amount for each franchisee and are restricted and segregated. In 2018, the Company accounted for the receipt of advertising funds as a liability and the advertising costs incurred are charged against the liability account. The Company's previous accounting policy was to recognize advertising funded by franchisees on a net basis in the statements of earnings, and as a liability within the balance sheets. In 2019, under the new guidance, the Company presents advertising contributions received from franchisees as franchise advertising fee revenue and records all expenses of the advertising fund within operating expenses, resulting in an increase in revenues and expenses on the statements of operations, with no change to the balance sheets unless the advertising was underspent. When underspent (revenue exceeds expenses), the advertising fund will accrue the difference from collections received and amount owed. The Company recorded $5,127,032 in advertising fee revenue, and $5,127,032 in advertising fee expense for the year ended December 31, 2019. The excess of funds received over funds expended prior to January 1, 2019 was recorded as an increase of $262,832 to the marketing fund obligation.

*Other Fees*

Other fees consist primarily of fees to attend the Company's annual convention. These fees are from both vendors and franchisees and are paid in advance of the annual convention. The performance obligation for the convention fees is to plan and hold the Company's annual convention. Convention fees are therefore recognized in the month the convention is held.

*Cost to Obtain Contracts*

The Company incurs costs that are directly attributable to obtaining a contract, for example broker fees, referral fees, and training fees. The Company's previous accounting policy was to recognize these costs when all material obligations had been performed and conditions had been satisfied, typically when training had been completed. Under ASC 606, costs that are directly associated with obtaining a contract are to be capitalized and recognized over the term of the agreement. Capitalized costs are included in deferred expenses on the accompany consolidated balance sheets. As such, direct franchise license costs are recognized over the franchise and renewal term, which is the performance obligation, and is typically fifteen years. If a customer is terminated, the remaining deferred expense will be recognized to expenses.

| | | Impact of change in accounting policy | |
|---|---|---|---|
| *December 31, 2019* | As reported | Adjustments | Balances without adoption of Topic 606 |
| **Assets** | | | |
| **Current assets** | | | |
| Franchise deferred expense, current | $ 63,789 | $ (63,789) | $ - |
| Total current assets | 3,846,511 | (63,789) | 3,782,721 |
| Deferred Expense | 712,941 | (712,941) | - |
| **Total assets** | $ 43,807,298 | $ (776,730) | $ 43,030,568 |
| **Liabilities and Equity** | | | |
| **Current liabilities** | | | |
| Deferred revenue, current portion | $ 227,579 | $ (82,579) | $ 145,000 |
| Total current liabilities | 2,772,170 | (82,579) | 2,689,590 |
| Deferred revenue, less current portion | 1,774,215 | (1,470,882) | 303,333 |
| Total liabilities | 5,452,111 | (1,553,461) | 3,898,650 |
| **Commitments and contingencies** | | | |
| **Member's equity** | | | |
| Member's Equity | 38,355,187 | 776,732 | 39,131,919 |
| **Total liabilities and member's equity** | $ 43,807,298 | $ (776,730) | $ 43,030,568 |

| | Impact of change in accounting policy | | |
|---|---|---|---|
| *December 31, 2019* | As reported | Adjustments | Balances without adoption of Topic 606 |
| **Revenue** | | | |
| Other Income | $ 3,484,672 | $ 516,879 | $ 4,001,551 |
| Franchise advertising fee | 5,127,032 | (5,127,032) | - |
| Total revenue | 17,650,268 | (4,610,153) | 13,040,115 |
| **Costs and expenses** | | | |
| Selling and advertising | 8,756,298 | 258,440 | 9,014,738 |
| Franchise advertising fee | 5,127,032 | (5,127,032) | - |
| Total costs and expenses | 14,377,172 | (4,868,592) | 9,508,580 |
| **Operating income** | 3,273,096 | 258,439 | 3,531,535 |
| Income before taxes | 3,234,298 | 258,439 | 3,492,737 |
| **Net income** | $ 3,216,469 | $ 258,439 | $ 3,474,908 |

***Recently Issued Accounting Pronouncements not yet Adopted***

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)". The core principle of ASU 2016-02 is that a lessee should recognize the assets and liabilities that arise from leases, including operating leases. Under the new requirements, a lessee will recognize in the statement of financial position a liability to make lease payments (the lease liability) and the right-of-use asset representing the right to the underlying asset for the lease term. For leases with a term of 12 months or less, the lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous GAAP. The standard was originally scheduled to effective for nonpublic entities for fiscal years beginning after December 15, 2019. In November 2019 the FASB issued ASU 2019-10, "Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)" which delay the effective date by one year to December 2021. The Company is currently evaluating the standard and the impact on its consolidated financial statements and footnote disclosures.

In January 2017, the FASB issued ASU No. 2017-04, "Intangibles—Goodwill and Other (Topic 350) Simplifying the Test for Goodwill Impairment." The updated standard requires only a one-step quantitative impairment test, whereby a goodwill impairment loss will be measured as the excess of a reporting unit's carrying amount over its fair value (not to exceed the total goodwill allocated to that reporting unit). The ASU also eliminates Step 2 of the current two-step goodwill impairment test, under which a goodwill impairment loss is measured by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. ASU 2017-04 is effective for non-public business entities for their annual or any interim goodwill impairment tests in fiscal years beginning

after December 15, 2020. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company is currently evaluating the effects of this guidance on its consolidated financial statements.

## 3. Property and Equipment, net

Property and equipment, net consisted of the following:

| *December 31,* | Life (Years) | 2019 | 2018 |
|---|---|---|---|
| Furniture | 5 | $ 14,972 | $ 12,492 |
| Computer and office equipment | 5 | 39,494 | 25,193 |
| Automobiles | 5 | 79,585 | 31,634 |
| Franchise development platform | 5 | 27,690 | - |
| Total property and equipment | | 161,741 | 69,319 |
| Less accumulated depreciation | | 44,502 | 24,330 |
| Total property and equipment, net | | $ 117,239 | $ 44,989 |

Depreciation expense was $25,931 and $14,770 for the years ended December 31, 2019 and 2018, respectively. The Company had no assets under a capital lease at December 31, 2019 and 2018.

## 4. Goodwill and Intangible Assets, net

Intangible assets are amortized on a straight-line basis, which reflects management's best estimate of the pattern of economic benefit, over the estimated useful lives as detailed below. Intangible assets, net consist of the following:

| *December 31,* | Life (Years) | 2019 | 2018 |
|---|---|---|---|
| Non-compete agreement | 2 | $ 125,000 | $ 125,000 |
| Franchise system | 35 | 15,830,000 | 15,830,000 |
| Tradenames and trademarks | Indefinite | 3,850,000 | 3,850,000 |
| Goodwill | Indefinite | 20,145,000 | 20,145,000 |
| Total intangible assets | | 39,950,000 | 39,950,000 |
| Less accumulated amortization | | (1,368,785) | (900,875) |
| Intangible assets, net | | $ 38,581,215 | $ 39,049,125 |

For the years ended December 31, 2019 and 2018, amortization expenses for the non-compete agreements and the franchise system were $467,910 and $514,786, respectively.

The estimated amortization expenses for the Company's amortizable intangible assets as of December 31, 2019, for each of the five succeeding fiscal years and thereafter, are as follows with a remaining weighted average service life of approximately 32 years:

| *Fiscal Years Ending* | |
|---|---|
| 2020 | $ 452,286 |
| 2021 | 452,286 |
| 2022 | 452,286 |
| 2023 | 452,286 |
| 2024 | 452,286 |
| Thereafter | 12,324,784 |
| Total | $ 14,586,215 |

There were no changes in the carrying amount of goodwill for the period from January 1, 2018 through December 31, 2019.

## 5. Notes Receivable

In 2017, the Company signed an unsecured note receivable with an area developer, which is due in equal monthly installments through August 2024 and bears an annual interest rate of 0%. The note is collateralized by a guarantee from the key principal of the area development entity. On February 1, 2019, the Company issued a $200,000 unsecured promissory note to an existing franchisee for the acquisition and remodeling of an underperforming but high-volume potential restaurant. The note bears an annual interest rate of 10%. A summary of note receivable principal maturities follows:

| *Years ending December 31,* | |
|---|---|
| 2020 | $ 60,000 |
| 2021 | 60,000 |
| 2022 | 260,000 |
| 2023 | 60,000 |
| 2024 | 40,000 |
| 2025 | - |
| Notes receivable | $ 480,000 |

## 6. Accrued Expenses

The following is a summary of the components of accrued expenses:

| *December 31,* | 2019 | 2018 |
|---|---|---|
| Accrued payroll and related costs | $ 301,391 | $ 67,738 |
| Accrued general and administrative expenses | 82,372 | 87,332 |
| Current portion of area developer payable *(1)* | 679,294 | - |
| Other | 82,128 | 91,730 |
| Total accrued expenses | $ 1,145,185 | $ 246,800 |

*(1)* Refer to footnote 8.

## 7. Related Party Transactions

The Company receives management services from MM Pizza Managers, LLC ("MMPM"), an affiliate of the Company. Affiliates of MMPM also constitute a majority of the Company's board of managers. Amounts due under this agreement are $300,000 per annum, payable quarterly in arrears, subject to increase should the Company's earnings before interest, taxes, depreciation and amortization exceed certain specified levels. This agreement continues in force until such time as affiliates of MMPM no longer constitute a majority of the Company's board of managers. The Company recognized $300,000 of expense under this agreement for both the period ending December 31, 2019 and 2018.

## 8. Commitments and Contingencies

### *Lease Commitments*

The Company leases two office spaces under noncancelable operating leases expiring at various dates through 2025 and also leases office equipment under noncancelable operating leases expiring 2022. The Company's rent expenses for the years ended December 31, 2019 and 2018 was approximately $90,000 and $100,000, respectively, and is included in selling, general and administrative expenses on the accompanying consolidated statements of income.

Future minimum lease payments under noncancelable operating leases at December 31, 2019 are as follows:

| *Years ending December 31,* | | Lease Obligation |
|---|---|---|
| 2020 | $ | 223,791 |
| 2021 | | 223,791 |
| 2022 | | 223,791 |
| 2023 | | 223,791 |
| Total minimum lease payments | $ | 895,162 |

### *Employment Agreements*

On September 1, 2018, the Company entered into an employment agreement with a key officer, the term of which expires in August 2021, subject to automatic renewals for successive one-year periods unless advance notice of nonrenewal is provided by either party. The agreement provides for the payment of salary as well as incentive bonuses payable upon achievement of Company performance and/or individual performance objectives.

### *Area Developer Incentive Agreement*

On October 1, 2019, the Company entered into an incentive agreement with an Area Developer. The Company was required to pay the Area Developer $3,000,000, of which $1,250,000 was paid in 2019.

A summary of the incentive agreement at December 31, 2019 follows:

| | | 2019 |
|---|---|---|
| Area Developer incentive payable | $ | 1,750,000 |
| Total payable amount | | 1,750,000 |
| Less: unamortized discount | | (164,980) |
| Total carrying amount | | 1,585,020 |
| Less: current portion | | (679,294) |
| Long term payable | $ | 905,726 |

Future remaining payments under the agreement at December 31, 2019 are as follows:

| *Fiscal years ending* | | |
|---|---|---|
| 2020 | $ | 750,000 |
| 2021 | | 1,000,000 |
| Total payments | $ | 1,750,000 |

The Company recognized an initial expense of $2,521,697 in 2019. The net present value of the consideration payable was determined using a discount rate of 10%. At December 31, 2019, the aggregate carrying value of the current portion recorded in accrued expenses was $679,294 and the non-current portion recorded as a long-term payable was $905,726, as adjusted for accretion of interest of 70,706 and 94,274 respectively. In 2019, the Company recorded $63,323 of accretion as interest expense on the consolidated statements of income. No amounts were recorded for 2018.

***Legal Matters***

The Company is subject to certain outside claims and litigation arising in the ordinary course of business. In the opinion of the Company's management, the outcome of such matters will not have a material effect on the Company's consolidated financial statements.

***Guarantee***

The Company is a guarantor of two term loans owed by its sole member to a lender in the principal amount of $28,500,000 as of December 31, 2019. Term Loan A, in the principal amount of $13,500,000 as of December 31, 2019, carries a fixed interest rate of 7.00%. Term Loan B, in the principal amount of $15,000,000 as of December 31, 2019, carries a fixed interest rate of 13.00%. Term Loan A and Term Loan B have no fixed payment schedule. The term loans mature in April 2023 and are secured by substantially all assets of the Company. During 2018, the sole member made a $2 million prepayment on Term Loan A, and a $1 million prepayment on Term Loan B. During 2019, the sole member made a $2 million prepayment on Term Loan A. The sole member was in compliance with all debt covenants as of December 31, 2019.

## 9. Defined Contribution Plan

The Company sponsors a 401(k) retirement savings plan. Eligibility begins on the first day of employment. The Company provides a matching contribution of up to 4% of participating employees' eligible compensation. The Company contributed approximately $30,000 and $9,000 for the years ended 2019 and 2018, respectively, which is included in selling, general and administrative expenses on the Company's consolidated statements of income.

## 10. Revenue from Contracts with Customers

***Adoption of Topic 606, "Revenue from Contracts with Customers"***

On January 1, 2019, the Company adopted Topic 606 using the modified retrospective method applied to those contracts, which were not fully satisfied as of January 1, 2019. Results for reporting periods beginning after January 1, 2019, are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with our historic accounting under Topic 605.

The cumulative catch-up adjustment recorded to equity was approximately $518,291 related to franchise and development fees.

***Disaggregation of Revenue***

Information regarding revenues disaggregated by the timing of when goods and services are transferred consist of the following for the year ended December 31:

| | 2019 |
|---|---|
| Revenue recognized over time | $ 301,463 |
| Revenue recognized at a point in time | 17,348,805 |
| Total Revenue | $ 17,650,268 |

***Contract Balances***

The following table provides information about the change in the franchise deferred expenses balances during the year ended December 31:

| | 2019 |
|---|---|
| January 1, 2019 - beginning balance | $ 518,290 |
| Expense recognized - beginning balance | (47,119) |
| Additional deferred expenses | 315,000 |
| Expense recognized - additional deferred expenses | (9,441) |
| Deferred expenses | 776,730 |
| Less: current maturities | 63,789 |
| Deferred expenses, net of current maturities | $ 712,941 |

The following table provides information about the change in the franchise contract liability balances during the year ended December 31, 2019. Franchise contract liability is included in deferred revenue on the consolidated balance sheets.

| | 2019 |
|---|---|
| January 1, 2019 - deferred revenue | $ 1,632,189 |
| Revenue recognized - beginning balance | (241,512) |
| Additional deferred revenue | 667,726 |
| Revenue recognized - additional deferred revenue | (56,609) |
| Deferred revenue | 2,001,794 |
| Less: current maturities | 227,579 |
| Deferred revenue, net of current maturities | $ 1,774,215 |

## 11. Subsequent Events

Management has evaluated events that have occurred through April 15, 2020, the date the consolidated financial statements were available to be issued and identified the following subsequent event:

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2020. The Company has not seen any disruption in the supply chain and has been monitoring system wide sales on a daily basis. Our franchisees have switched to a carryout and delivery model, and the final impact on revenue from this disruption cannot be estimated. At this point, management sees no long-term sustained harm to the Company and is working with our franchisees as well as our developer agents to assure the long-term viability of the brand. With this in mind, the Company has offered a deferment of 50% of the normal royalty payment and is waiving the 2% regional marketing payment for sales generated from March 16, 2020 to April 19, 2020 to help provide liquidity and financial flexibility to the franchisees. The royalty deferment will be collected during the fourth quarter of 2020.

On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief and Economic Security (CARES) Act." The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions and technical corrections to tax depreciation methods for qualified improvement property.

It also appropriated funds for the SBA Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. There is no assurance we are eligible for these funds or will be able to obtain them.

We continue to examine the impact that the CARES Act may have on our business. Currently, we are unable to determine the impact that the CARES Act will have on our financial condition, results of operation or liquidity.

# EXHIBIT B

# DEVELOPMENT AGENT AGREEMENT

**MOUNTAIN MIKE'S PIZZA, LLC**

**DEVELOPMENT AGENT AGREEMENT**

_____

DEVELOPMENT AGENT

_____, 202_
DATE OF AGREEMENT

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GUARANTY AND ASSUMPTION OF OBLIGATIONS

**MOUNTAIN MIKE'S PIZZA, LLC**
**DEVELOPMENT AGENT AGREEMENT**

**THIS DEVELOPMENT AGENT AGREEMENT** (the "Agreement") is made and entered into by and between **MOUNTAIN MIKE'S PIZZA, LLC**, a Delaware limited liability company with its principal business address at 26 Corporate Plaza, Suite 180, Newport Beach, CA 92660 (referred to in this Agreement as "we," "us" or "our"), and _____, whose principal business address is _____ (referred to in this Agreement as "you" or "your"), as of the date we sign it as the franchisor, which is set forth next to our signature on this Agreement (the "Effective Date").

1. **PREAMBLES AND GRANT OF RIGHTS**

A. **PREAMBLES**.

(1) We and our predecessors have expended considerable time and effort in developing and operating a pizza restaurant concept offering pizza, sandwiches, salads, and other food products and services. These restaurants operate under the "Mountain Mike's Pizza" name ("Mountain Mike's Pizza Restaurants") and have distinctive business formats, methods, procedures, designs, layouts, standards and specifications, all of which we may improve, further develop or otherwise modify from time to time.

(2) We use, promote and license certain trademarks, service marks and other commercial symbols in operating Mountain Mike's Pizza Restaurants, including the trade and service mark "Mountain Mike's Pizza®," which have gained and continue to gain public acceptance and goodwill, and may create, use and license additional trademarks, service marks and commercial symbols in operating Mountain Mike's Pizza Restaurants (collectively, the "Marks").

(3) We have chosen franchising as our business strategy for creating and keeping customers for Mountain Mike's Pizza. We grant to persons who meet our qualifications and are willing to undertake the investment and effort a franchise to own and operate a Mountain Mike's Pizza Restaurant offering the products and services we authorize and approve while using our business formats, methods, procedures, signs, designs, layouts, equipment, standards, specifications and Marks (the "System").

(4) We grant to certain franchise owners who meet our qualifications the right to represent us as development agents, within defined geographic markets with which they are familiar, to recruit and assist us in providing certain services to other franchise owners.

(5) You have applied for the right to represent us as a development agent within a certain territory.

B. **GRANT OF RIGHTS**.

(1) **Initial Term**. Subject to this Agreement's terms, we hereby appoint you to represent us as our exclusive development agent during the term of this Agreement within the territory described on Exhibit A (the "Territory"). You agree to perform your obligations according to this Agreement and the standards and guidelines we issue from time to time. The term of this Agreement is fifteen (15) years from the date we sign it, unless sooner terminated under Section 8. Subject to Section 3.C., we (and our affiliates) may (1) own and operate, and recruit and grant prospective franchise owners the right to own and operate, Mountain Mike's Pizza Restaurants at any locations within and outside the Territory on any terms and conditions we deem appropriate, provided, however, that we will credit any Mountain Mike's Pizza Restaurants opened within the Territory, whether by us, our affiliates or franchise owners, toward the number of Mountain Mike's Pizza Restaurants that you must develop within the Territory during this Agreement's term; and (2) engage in any other distribution activities that we choose within and outside the Territory. Except for our agreement not to allow another franchise owner to represent us as a development agent within the Territory during the term of this Agreement, your rights under this Agreement are non-exclusive.

(2) **Successor Term**. If you (and your owners) have complied with this Agreement and all other agreements between you (or your owners) and us (and our affiliates), including Franchise Agreements for the operation of Mountain Mike's Pizza Restaurants, then, when this Agreement expires, we will allow you to represent us as a development agent for an additional ten (10) year term provided all of the following conditions are satisfied as of the expiration date of this Agreement: (i) we are then offering franchises for Mountain Mike's Pizza Restaurants in the state in which your Territory is located; (ii) you (and your owners) sign our then current form of development agent agreement (any and all of the terms of which may differ materially from any and all of those contained in this Agreement, including a modified or reduced Territory) and any ancillary documents we then are using (including a general release), modified as appropriate to reflect that the development agent agreement is for a successor term (including, without limitation, that you have no right to acquire a second or subsequent successor term); (iii) you and we agree on the minimum number of new Mountain Mike's Pizza Restaurants to be opened within the Territory during the additional term; and (iv) if we so request, you pay us a renewal fee equal to Fifty Thousand Dollars ($50,000) for the successor term. If any of these conditions is not satisfied, you will have no further right to represent us as a development agent when this Agreement expires.

(3) **Your Operation of Restaurant**. You (or your owners) must at all times during the term of this Agreement continue to own and operate at least one (1) franchised Mountain Mike's Pizza Restaurant within the Territory. You also must maintain an office in the Territory that we must approve from which you will conduct the business operated under this Agreement.

## 2. YOUR OBLIGATIONS

### A. RECRUITING AND SERVICING.

(1) **General**. You agree to solicit, qualify, and provide services to Mountain Mike's Pizza Restaurant franchise owners in the Territory. This responsibility includes, but is not limited to, advertising for franchise prospects; providing prospects with information about us on a timely basis according to our policies and federal, state and local laws and regulations; screening and qualifying prospective franchise owners; providing site selection, lease negotiation and construction advice; assisting with Restaurant openings; inspecting Restaurants; facilitating operations, brand building, marketing, and financial programs promulgated and initiated and supported by us; training franchise owners and their managers; developing marketing; assisting in administering (as we direct in our sole discretion) cooperative advertising funds and programs operating in your Territory; and providing business advice and ongoing guidance to franchise owners during their operation. You are prohibited from selling or negotiating the sale of franchises in our name or on our behalf.

(2) **Recruiting**. You agree to submit to us for our review individuals who are of good character, have adequate financial resources and meet our then current financial, operational, and other criteria for franchise owners. You agree to have each prospective franchise owner complete our then current application form for a Mountain Mike's Pizza Restaurant franchise. These applications must be submitted to us with all other information we then customarily require for franchise applicants, including, without limitation, information concerning the site at which the applicant proposes to operate its Restaurant.

We will approve or disapprove in writing applicants and/or sites you propose for Restaurants. We will use our best efforts to notify you within fifteen (15) calendar days after the later of our personal interview of the applicant, if any, and our receipt of the complete application, site report, financial statements and other required materials regarding the applicant. If we determine that the applicant possesses sufficient financial and managerial capability and meets the other criteria we then use in granting franchises, and that the proposed site is suitable, we agree to offer a franchise to the applicant for a Mountain Mike's Pizza Restaurant. The franchise will be evidenced by our and the applicant's execution of our then current form of franchise agreement. You will not be a party to those franchise agreements (unless you are the franchise owner under a particular agreement). You acknowledge that we may modify in any respect the franchise agreement and related documents we customarily use in granting Mountain Mike's Pizza Restaurant franchises. If an applicant fails to execute the franchise agreement and related documents, deliver payment of the initial franchise fee and obtain lawful possession of an approved site, we may withdraw our franchise offer to the applicant.

(3) **Hiring and Training Your Employees**. You must hire all of your employees and implement a training program for employees to ensure their compliance with our requirements. You have sole responsibility and authority for your labor

relations and employment practices, including, among other things, employee selection, promotion, termination, hours worked, rates of pay, benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. You must communicate clearly with employees in your employment agreements, human resource manuals, written and electronic correspondence, paychecks, and other materials that you (and only you) are their employer and that we, as the franchisor of Mountain Mike's Pizza Restaurants, are not their employer and do not engage in any employer-type activities (including those described above) for which only franchisees are responsible. You recognize that the offer and sale of franchises are regulated by both federal and state laws and agree that you will permit no employee to offer Mountain Mike's Pizza Restaurant franchises unless and until such employee has been properly trained with respect to all applicable laws and regulations. You are responsible for your employees' failure to comply with such laws and regulations.

Your minimum staffing requirements as of this Agreement's effective date appear on Exhibit C and are for the sole purpose of protecting the quality of the Mountain Mike's brand. If you do not employ the staff we feel is necessary to perform your obligations under this Agreement in compliance with our standards, we may employ our own support personnel to service your Territory. The cost of our staff, including salary, benefits, payroll taxes, insurance, and all other associated business expenses, will be deducted from the amounts we must pay you under this Agreement. If the cost of our employed employees exceeds the amounts we owe you, we are responsible for any excess cost.

(4) **Site Services**. You agree to perform the following Site Services on our behalf with respect to Mountain Mike's Pizza Restaurant franchises located in the Territory:

(a) Assist with Restaurant location selection for each franchise owner and assist each franchise owner in negotiating lease terms and coordinating the work of equipment suppliers, contractors, and architects with respect to the build-out of each Mountain Mike's Pizza Restaurant;

(b) Provide standards and specifications for the build-out, interior design, layout, floor plan, signs, designs, color, and decor of the Restaurant as we prescribe from time to time; and

(c) Submit completed forms and reports to us from time to time, including site selection and pre-opening assistance forms and reports related to leases and construction.

(5) **Pre-Opening and Opening Support Services**. With respect to Mountain Mike's Pizza Restaurant franchises located in the Territory, you agree to perform the following pre-opening and opening Support Services:

(a) Provide advice to the franchise owner regarding standards and specifications for the equipment, supplies, and materials used in, and the menu items offered for sale by, the Restaurant and advice regarding selecting suppliers for purchasing items used in connection with Mountain Mike's Pizza Restaurants;

(b) Provide initial training and on-site assistance to franchise owners and their managers for not less than two hundred (200) hours in the opening of Mountain Mike's Pizza Restaurants located in the Territory (but excluding matters relating to labor relations and employment practices); and

(c) Provide guidance in implementing advertising and marketing programs, operating and sales procedures, and bookkeeping and accounting programs.

(6) **Ongoing Support Services**. With respect to Mountain Mike's Pizza Restaurant franchises located in the Territory, you agree to perform the following ongoing Support Services:

(a) Upon a franchise owner's reasonable request, provide telephone consultation regarding the continuing operation of the Restaurant and advice regarding restaurant services, product quality control, menu items, and customer relations issues (but excluding matters relating to labor relations and employment practices);

(b) Provide on-going updates of information and programs regarding menu items and their preparation, the Restaurant business, and information about special or new services;

(c) Provide advice and assistance to the franchise owner in connection with developing and improving its Restaurant;

(d) Conduct at least one (1) quality assurance inspection (or reinspection in the case of a failed first inspection) of each Mountain Mike's Pizza Restaurant franchise in the Territory every calendar quarter in the manner we require from time to time, said inspections to be verified by written reports in a form acceptable to us;

(e) Conduct at least one (1) financial performance review of each Mountain Mike's Pizza Restaurant franchise in the Territory every calendar quarter, including a review of each Restaurant's cash flow and financial condition, an audit of sales reported to us in connection with royalties paid in comparison with in-Restaurant point-of-sale reports, and an evaluation of state sales tax reports, inventory purchase records, and other Restaurant operations records we periodically require (but excluding records relating to labor relations and employment practices);

(f) Provide access to advertising and promotional materials developed for the Mountain Mike's Pizza System from time to time; and

(g) Send us periodic reports on activities in the Territory using procedures and forms we prescribe.

(7) **Dealings with Franchise Owners**. You acknowledge that we are delegating to you certain responsibilities we have under the Mountain Mike's Pizza Franchise Agreement to franchise owners in the Territory. You must perform these responsibilities for franchise owners as described in this Agreement or as set forth in the Operations Manual or other reasonable standards and specifications we provide from time to time, and the responsibilities to franchise owners will not materially change during the term of this Agreement. In providing services to Mountain Mike's Pizza Restaurant franchise owners located in the Territory, you agree to comply in all respects with the terms and conditions of any Franchise Agreement or other agreement in effect between the franchise owner and us. You understand, however, that your rights as a development agent are only by virtue of this Agreement and that you are not in any manner a party, third-party beneficiary, or holder of any other right or title to or interest in any Franchise Agreement. Similarly, no franchise owner is a third party beneficiary of this Agreement or any other agreement between us and you. You agree that you may not under any circumstances sell any products or other items to, or collect any money for any reason from, franchise owners without our prior written consent.

(8) **Legal Requirements**. You acknowledge that we have advised you that the United States federal government and many states have laws concerning the sale, renewal, and termination of franchises and/or the continuing relationship between parties to a franchise. We will explain these laws to you and, together with your advisors, instruct you how to comply with them in performing your obligations under this Agreement. You must engage your own legal advisors to ensure that you understand your obligations under this Agreement and applicable law. You agree to comply fully with all of these laws and legal requirements in force in the Territory and to use only franchise disclosure documents and other documents we approve for use in the applicable jurisdiction. Neither you, your owners, nor any employees may solicit prospective franchise owners: (i) until we register our franchise offering in all applicable jurisdictions and/or give you a disclosure document prepared in compliance with state and federal law; or (ii) at any time if we notify you that a registration is not then in effect or our documents are not then complete. If your activities under this Agreement require the preparation, amendment, registration, or filing of information or any disclosure or other documents, only we may prepare and file all required franchise disclosure documents, ancillary documents, and registration applications. All registrations must be effective before you may solicit prospective franchise owners. You agree to provide all information and execute all documents we reasonably require in order to prepare and file these documents. You agree to review and approve all materials we prepare for you; we will not be liable for any errors or omissions you have not brought to our attention. We will use our best efforts at all times to maintain all applicable franchise registrations, and all franchise documents to be used, within the Territory.

B. **MANAGEMENT OF YOUR BUSINESS**.

The business you operate under this Agreement must at all times be under your (or, if you are a corporation, limited liability company or partnership, your managing shareholder's, member's or partner's ("Managing Owner")) direct, day-to-day, full-time supervision. You agree at all times (1) to give prompt, courteous, and efficient service to Mountain Mike's Pizza Restaurant franchise owners in the Territory, and (2) to secure and maintain in force all required licenses, permits, and certificates relating to your activities under this Agreement.

C. **INSURANCE**.

You must at all times during the term of this Agreement maintain in force, at your own expense, the insurance coverage we require. This insurance must cover the risks and entities, and be in the amounts, we specify from time to time. You must give us the proof of insurance coverage we require. All required insurance policies must name us as an additional insured for claims arising from your activities as a development agent and give us thirty (30) days' prior written notice of their termination or expiration. If you fail to obtain or maintain the required insurance, we have the right and authority (but no obligation) to obtain the insurance for you and charge you for all related costs. You must reimburse our costs immediately after notice. We also may set off these costs against the amounts we owe you under Section 3.B. below.

D. **ADVERTISING**.

You must spend on advertising for prospective franchise owners in the Territory, during each year of this Agreement's term (spread out evenly over the year), at least the greater of (1) two percent (2%) of your previous year's revenue on account of your operations under this Agreement or (2) Fifteen Thousand Dollars ($15,000). While you do not currently pay these amounts to us, we may in the future reduce amounts we must pay you on a monthly basis hereunder by these amounts. These advertising expenditures are ordinary business expenses you will pay third parties or us, as applicable, in order to perform your obligations under this Agreement.

Before you use them, you must send us for our prior approval, such approval not to be withheld unreasonably, samples of all advertising and promotional materials we did not prepare or previously approve. You may not use any advertising or promotional materials we have not approved or have disapproved. You acknowledge and understand that certain states require the filing of franchise sales advertising materials with the appropriate state agency prior to dissemination. You agree fully and timely to assist us in complying with such filing requirements at your own expense. We may charge you for the reasonable and proportionate costs we incur in developing and/or procuring and supplying to you franchise sales advertising, promotional materials, conferences and events, franchise development and relationship management technologies. You are not obligated to acquire any advertising and marketing materials from us or our affiliates.

E. **ACCOUNTING, BOOKKEEPING, RECORDS AND REPORTING**.

You agree to maintain at your business premises in the Territory all forms and bookkeeping and business records we require from time to time (but excluding records relating to labor relations and employment practices). Within fifteen (15) days after the end of each calendar year quarter during the term of this Agreement (*i.e.*, April 15, July 15, October 15, and January 15), you agree to deliver to us a report of your business activities during that calendar year quarter in the form and detail we specify, including information about your efforts to solicit prospective franchise owners and find sites in the Territory (but excluding information relating to labor relations and employment practices). You agree to send us, within one hundred twenty (120) days after the end of your fiscal year, a balance sheet and profit and loss statement for your business for such year (or monthly or quarterly statements if we require, in which case such statements also shall reflect year-to-date information).

F. **OUR INSPECTIONS AND AUDITS**

To determine whether you are complying with this Agreement, we or our designee have the right at any time during normal business hours, and without prior notice to you, to enter the premises in which you then are keeping your business records and inspect, and conduct an audit of, the business records, bookkeeping and accounting records, invoices, check stubs, bank deposits, receipts, sales tax records and returns, and other business records and documents of your business (but excluding records and documents relating to labor relations and employment practices). You must fully cooperate with our representatives making, conducting, supervising, or observing any such inspection or audit. We may collect the books, records and other documents of your business (but excluding records and documents relating to labor relations and employment practices) for review in any form or manner we reasonably determine, including, without limitation, requiring you to send documents to our offices. If the business you operate under this Agreement fails an inspection, as set forth in the standards and guidelines we issue, we reserve the right to charge you a fee to reimburse us for our costs of conducting an additional inspection.

G. **YOUR INSPECTIONS OF FRANCHISE OWNERS**.

You agree to determine through field audits, reviews and inspections of each franchise owner in the Territory whether that franchise owner is complying satisfactorily with its Franchise Agreement and our Operations Manual and promptly notify the franchise owner in writing, with a copy (and evaluation report) to us, of any deficiencies. You understand and acknowledge that your inspections and reports are advisory only and that we have: (1) all of the rights to inspect and ascertain compliance as if this Agreement were not in effect; (2) the exclusive right to send notices of default to the franchise owner; (3) the exclusive right to terminate a Franchise Agreement; and (4) the exclusive right to take any legal action as a result of any violation of a Franchise Agreement. If you believe that any franchise owner in the Territory has breached its Franchise Agreement, you agree to document in writing all of the relevant facts and request us to investigate the breach. If, as a result of our investigation, we determine that there is a breach, we can take any action we deem appropriate (including no action). You agree to assist us as we

reasonably require in investigating the breach and enforcing our rights under the Franchise Agreement.

H. **DEVELOPMENT AND PERFORMANCE OBLIGATIONS**.

You agree to open, and/or to solicit franchise owners who open, Mountain Mike's Pizza Restaurants in the Territory to meet or exceed the development schedule identified on Exhibit B (the "Development Schedule"). (Each yearly period described in the Development Schedule is referred to as a "Development Period.") A Mountain Mike's Pizza Restaurant will be included in the cumulative number of Restaurants required to be open and operating only if it actually is operating within the Territory and complying with the terms of its Franchise Agreement; provided, however, that a Restaurant which is, with our approval, permanently closed during the last three (3) months of a Development Period after having been in operation will be included in the cumulative number of Restaurants required to be open and operating during that particular Development Period (but not after, meaning that you must replace the closed Restaurant during the next Development Period in addition to fulfilling your new Restaurant development obligation for that Development Period). Any Restaurants you (or your owners) own and operate within the Territory (and any Restaurants we or our affiliates own and operate within the Territory) will be included in the cumulative number of Restaurants required to be open and operating. If you fail to comply with the Development Schedule, we can (but need not):

(a) terminate this Agreement under Section 8;

(b) reduce the size of the Territory to a lesser area that we determine; or

(c) eliminate your exclusive right to solicit and service franchise owners in the Territory.

We may choose the option we deem best.

I. **NOTIFICATION OF LITIGATION**.

You agree to notify us in writing within five (5) days after you receive notice of any action, suit, investigation, proceeding, or order by any court, agency, or other government authority concerning your or any franchise owner's operation or financial condition.

3. **FEES**

A. **YOUR INITIAL FEE TO US**.

You agree to pay us a nonrecurring and nonrefundable initial fee in the amount of _____ Dollars ($_____), which we will fully earn when this Agreement is signed.

B. **OUR PAYMENTS TO YOU**.

We will pay you the following amounts during the term of this Agreement:

(1) **Initial Fees**. Fifty percent (50%) of the initial franchise fees, net of legal fees and expenses incurred in completing the Franchise Agreements and related documents, we actually collect (not accrued) during this Agreement's term from granting new Mountain Mike's Pizza Restaurant franchises in the Territory during this Agreement's term. We will collect this money on your behalf. We will pay you this amount within thirty (30) days after each franchised Mountain Mike's Pizza Restaurant opens.

(2) **Royalties**. Forty percent (40%) of the Royalties, as defined in the Franchise Agreement (not including marketing or advertising fees), we actually collect (not accrued) during this Agreement's term from Mountain Mike's Pizza Restaurant franchises (including your Restaurants) located and operating in the Territory during the term of this Agreement, subject to our rights under Subsection 7.C. below. We will pay you these amounts by the fifteenth (15th) day of each month following the month during which we actually collect the Royalties. Notwithstanding the above, however, we have no obligation to pay you these amounts on account of any Mountain Mike's Pizza Restaurant franchises that already were granted in the Territory before this Agreement's effective date, although you nonetheless must provide the services to those franchises specified in Section 2 above.

(3) **Transfer Fees**. Fifty percent (50%) of any transfer fees, net of legal fees and expenses incurred in completing the Franchise Agreements and related documents, we actually collect (not accrued) due to any "transfers," as defined in the Franchise Agreement, occurring during this Agreement's term with respect to Mountain Mike's Pizza Restaurants (including your Restaurants) located in the Territory. We will pay you these amounts within thirty (30) days after we actually collect the transfer fees.

(4) **Renewal or Successor Franchise Fees**. Fifty percent (50%) of any renewal or successor franchise fees, net of legal fees and expenses incurred in completing the Franchise Agreements and related documents, we actually collect (not accrued) during this Agreement's term with respect to renewal or successor franchises that we grant to franchise owners within the Territory during this Agreement's term. We will pay you these amounts within thirty (30) days after we actually collect the renewal or successor franchise fees.

C. **NO PAYMENTS ON OUR RESTAURANTS WITHIN THE TERRITORY**.

If we (or our affiliates) establish and operate any Mountain Mike's Pizza Restaurants within the Territory, we (or our affiliates) are not obligated to pay you any fees on account of those Restaurants. However, we do not require or expect you to provide any services to those Restaurants.

D. **REDUCTION OF FEES PAYABLE**.

You acknowledge and agree that we (and our affiliates) may reduce any amounts that we must pay you under this Agreement by (1) any amounts that you (or your owners) owe us (or our affiliates) under Franchise Agreements or otherwise, (2) your proportionate share of any expenses we incur with third parties to collect amounts due from franchise owners (which share you acknowledge to be an ordinary business expense in operating your business), (3) any amounts we must pay, or deem to be in our best interests to pay, based on your or your employees' actions, and (4) your proportionate share of any legal and accounting fees and expenses incurred by us in connection with completing new Franchise Agreements, transfers and/or renewals, and/or enforcing our rights under Franchise Agreements and related documents.

4. **MARKS**

A. **OWNERSHIP AND GOODWILL OF MARKS**.

Your right to use the Marks is derived solely from this Agreement and limited to your representing us as a development agent pursuant to and in compliance with this Agreement and all operating standards we prescribe from time to time during its term. Your unauthorized use of the Marks will be a breach of this Agreement and an infringement of our rights in and to the Marks. You acknowledge and agree that your usage of the Marks and any goodwill established by this use will be exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to represent us as a development agent under this Agreement). All provisions of this Agreement applicable to the Marks apply to any additional proprietary trade and service marks and commercial symbols we authorize you to use.

B. **LIMITATIONS ON YOUR USE OF MARKS**.

You may not use any Mark (1) as part of any corporate or legal business name, (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you), (3) as part of any domain name, electronic address, social media accounts/platforms, or search engine you maintain on any Electronic Media (defined as the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system), or (4) in any other manner we have not expressly authorized in writing. You agree to display the Marks prominently as we prescribe on forms, advertising, supplies, and other materials we designate. To the extent you use any Mark in employment-related materials, you must include a clear disclaimer that you (and only you) are the employer of employees at your business and that we, as the franchisor of Mountain Mike's Pizza Restaurants, are not their employer and do not engage in any employer-type activities for which only franchisees are responsible, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. You agree to give the notices of trade and service mark registrations we specify and to obtain any fictitious or assumed name registrations required under applicable law. To the extent the law allows, you agree to follow our mandatory specifications, standards, operating procedures, and rules for using social media in connection with your operation of the

development agent business ("social media" includes personal blogs, common social networks like Facebook, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools).

C. **NOTIFICATION OF INFRINGEMENTS AND CLAIMS**.

You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and not to communicate with any person other than us and our attorneys, and your attorneys, in any infringement, challenge or claim. We may take the action we deem appropriate and control exclusively any litigation, U.S. Patent and Trademark Office proceeding or any other administrative proceeding arising out of any infringement, challenge or claim or otherwise relating to any Mark. You agree to sign any and all instruments and documents, render the assistance and do the acts and things that, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks.

D. **DISCONTINUANCE OF USE OF MARKS**.

If it becomes advisable at any time in our opinion for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We will not be obligated to reimburse you for any expenses you incur in doing so (which you acknowledge to be ordinary business expenses), for any loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark (which you acknowledge to be ordinary business expenses).

E. **INDEMNIFICATION FOR USE OF MARKS**.

We agree to reimburse your damages and expenses incurred in any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement, provided your use has been consistent with this Agreement and standards communicated to you and you have timely notified us of, and complied with our directions in responding to, the proceeding. At our option, we may defend and control the defense of any proceeding arising from or relating to your use of any Mark under this Agreement.

5. **CONFIDENTIAL INFORMATION**

We possess (and will continue to develop and acquire) certain confidential information (the "Confidential Information") relating to the development and operation of Mountain Mike's Pizza Restaurants, which includes (without limitation):

(1) recipes;

(2) site selection criteria;

(3) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge and experience used in developing and operating Mountain Mike's Pizza Restaurants;

(4) marketing and advertising programs for Mountain Mike's Pizza Restaurants;

(5) knowledge of specifications for and suppliers of certain equipment, products, materials and supplies; and

(6) knowledge of the operating results and financial performance of Mountain Mike's Pizza Restaurants.

You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to utilize Confidential Information disclosed to you in representing us as a development agent during the term of this Agreement, and that the use or duplication of any Confidential Information in any other business would constitute an unfair method of competition. You further acknowledge and agree that Confidential Information is proprietary, includes our trade secrets and is disclosed to you solely on the condition that you agree, and you do hereby agree, that you:

(a) will not use Confidential Information in any other business or capacity;

(b) will maintain the absolute confidentiality of Confidential Information during and after the term of this Agreement;

(c) will not make unauthorized copies of any portion of Confidential Information disclosed via electronic medium or in written or other tangible form; and

(d) will adopt and implement all reasonable procedures that we prescribe from time to time to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restrictions on its disclosure to others.

You agree that we (and our affiliates) will have the perpetual right to use and authorize other Mountain Mike's Pizza Restaurant franchise owners to use, and you agree fully and promptly to disclose to us, all ideas, concepts, formulas, recipes, techniques or materials relating to a Mountain Mike's Pizza Restaurant that you and/or your employees conceive or develop during the term of this Agreement.

Despite the foregoing, Confidential Information does not include information, knowledge or know-how which a person can prove he or she knew before becoming aware of it as a result of anything we or a franchise owner provided directly or indirectly or before his or her operation of or presence at a Mountain Mike's Pizza Restaurant. If we include any matter in Confidential Information, anyone who claims that it is not Confidential Information has the burden of proving that the exclusion provided in this paragraph is fulfilled.

## 6. EXCLUSIVE RELATIONSHIP

You acknowledge and agree that we would be unable to protect Confidential Information against unauthorized use or disclosure or to encourage a free exchange of ideas and information among Mountain Mike's Pizza Restaurants if franchise owners of Mountain Mike's Pizza Restaurants and our development agents were permitted to hold interests in or perform services for a Competitive Business (defined below). You also acknowledge that we have granted these rights to you in consideration of and reliance upon your agreement to deal exclusively with us. You therefore agree that, during the term of this Agreement, neither you nor any of your owners (nor any of your or your owners' spouses) will:

(1) have any direct or indirect controlling interest as a disclosed or beneficial owner in a Competitive Business, wherever located;

(2) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business operating within the Territory;

(3) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business operating within ten (10) miles of any Mountain Mike's Pizza Restaurant;

(4) perform services as a director, officer, manager, employee, consultant, representative or agent for a Competitive Business, wherever located;

(5) divert or attempt to divert any actual or potential business or customer of a Mountain Mike's Pizza Restaurant to another business; or

(6) engage in any other activity which may injure the goodwill of the Marks and System.

The term "Competitive Business," as used in this Agreement, means any business operating, or granting franchises or licenses to others to operate, any restaurant or food service business featuring pizza as a primary product (other than a Mountain Mike's Pizza Restaurant operated under a franchise agreement with us). You agree to obtain reasonable noncompetition covenants from your supervisory personnel as necessary to protect our Confidential Information and the competitiveness of Mountain Mike's Pizza Restaurants. However, under no circumstances will we control the forms or terms of employment agreements you use with employees or otherwise be responsible for your labor relations or employment practices.

## 7. TRANSFER

### A. BY US.

You acknowledge that we maintain a staff to manage and operate the System and that staff members can change as employees come and go. You represent that you did not sign this Agreement in reliance on any particular owner, director, officer, or employee remaining with us in that capacity. We may change our ownership or form and/or assign this Agreement and any

other agreement to a third party without restriction. After our assignment of this Agreement to a third party who expressly assumes this Agreement's obligations, we no longer will have any performance or other obligations under this Agreement. That assignment will constitute a release and novation with respect to this Agreement, and the new owner-assignee will be liable to you as if it had been an original party to this Agreement. Specifically and without limiting the foregoing, you agree that we may sell our assets (including this Agreement), the Marks, or the System to a third party; offer our ownership interests privately or publicly; merge, acquire other business entities, or be acquired by another business entity; and/or undertake a refinancing, recapitalization, leveraged buyout, or other economic or financial restructuring.

B. **BY YOU**.

You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or, if you are a corporation, limited liability company or partnership, to your owners) and that we have granted these rights to you in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability and financial capacity. Accordingly, neither this Agreement (or any interest herein), any aspect of the development agent rights, nor any ownership or other interest in you may be transferred without our prior written approval, which we can withhold for any or no reason. Any transfer without this approval constitutes a breach of this Agreement and is void and of no effect. As used in this Agreement, the term "transfer" includes your (or your owners') voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in this Agreement, any aspect of the development agent rights, or you. If we decide to approve any transfer, although we have no obligation to do so, we may require you and/or the transferee first to satisfy various conditions, including, but not limited to, your paying us a Fifty Thousand Dollar ($50,000) transfer fee before or no later than the transfer's effective date.

C. **YOUR DEATH OR DISABILITY**.

Upon your or your Managing Owner's death or disability, we will allow this Agreement or the Managing Owner's interest in you to be transferred to an immediate family member if the transferee has sufficient business experience, aptitude and financial resources to represent us as a development agent and agrees to comply with this Agreement. This transfer must take place within six (6) months after death or disability. If we perform any of your obligations under this Agreement after your or your Managing Owner's death or disability, we need not pay you any of the fees due under Subsection 3.B. that accrue during the time we are performing those obligations and instead may keep those fees. The term "disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you or your Managing Owner from supervising the development and servicing of Mountain Mike's Pizza Restaurants within the Territory.

## 8. TERMINATION OF AGREEMENT

### A. BY YOU.

You can terminate this Agreement at any time by giving us at least ninety (90) days' prior written notice of termination.

### B. BY US.

We can terminate this Agreement, effective upon delivery of written notice of termination to you, if:

(1) you (or any of your owners) have made or make any material misrepresentation or omission in acquiring the rights granted under this Agreement or while representing us as a development agent;

(2) you (or any of your owners) are or have been convicted by a trial court of, or plead or have pleaded no contest to, a felony;

(3) you (or any of your owners) engage in any dishonest or unethical conduct which may adversely affect the reputation of Mountain Mike's Pizza Restaurants or the goodwill associated with the Marks;

(4) you (or any of your owners) make an unauthorized assignment of this Agreement or of an ownership interest in you;

(5) this Agreement or the Managing Owner's interest in you is not assigned as required upon your or the Managing Owner's death or disability;

(6) you fail to meet the Development Schedule during any Development Period;

(7) we have sent a notice of termination under any Franchise Agreement for a Mountain Mike's Pizza Restaurant between you (or any of your owners) and us or you fail to own and operate at least one (1) Mountain Mike's Pizza Restaurant within the Territory, as required under Section 1.B.;

(8) you (or any of your owners) make any unauthorized use or disclosure of any Confidential Information in violation of this Agreement;

(9) you fail to comply with any requirements under the federal and state franchise laws, including, but not limited to, communicating in written, verbal, or other form to any prospective franchisee any information or presentation which states or suggests a specific level or range of potential or actual sales, income, or gross or net profits unless that information or presentation is identical to that contained in our franchise disclosure document;

(10) you (or any of your owners) (a) fail on three (3) or more separate occasions within any twelve (12) consecutive calendar-month period to comply with this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you; or (b) fail on two (2) or more separate occasions within any six (6) consecutive calendar-month period to comply with the same obligation under this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you;

(11) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; or

(12) you (or any of your owners) fail to comply with any other provision of this Agreement or any of our operating standards and do not correct the failure within thirty (30) days after written notice of the failure to comply is delivered to you.

C. **NON-COMPLIANCE FEE**.

You acknowledge the importance of operating your business in full compliance with this Agreement and the standards and guidelines we issue. You further acknowledge that your deviation from any contractual requirement, including any standard or guideline, is a violation of this Agreement and will require us to incur incalculable administrative and management costs to address the violation (separate and apart from any damages your violation might cause to the Mountain Mike's Pizza® System, our business opportunities, and the goodwill associated with the Marks). Therefore, you agree that, in order to compensate us for our incalculable administrative and management costs due to your operational violations, you must pay us, at our option, Five Hundred Dollars ($500) for each deviation from a contractual requirement, including any standard or guideline, cited by us (the "Non-Compliance Fee"). However, if we discover that same (or a substantially similar) deviation on one or more consecutive, subsequent visits to or inspections of the business you operate under this Agreement, the Non-Compliance Fee will, at our option, be One Thousand Dollars ($1,000) for the first repeat deviation and Two Thousand Dollars ($2,000) for the second and each subsequent repeat deviation. The Non-Compliance Fee, should one be charged, is deemed by us and you to be a reasonable estimate of our administrative and management costs and is not a penalty. We may debit your account for Non- Compliance Fees, or set off monies otherwise due and payable to you, to cover the payment of Non-Compliance Fees. Non-Compliance Fees are due and payable to us within five (5) days after we notify you that we are charging you the Non-Compliance Fee due to your violation. We need not give you a cure opportunity before charging the Non-Compliance Fee. Charging the Non-Compliance Fee does not preclude us from seeking to recover damages to the Mountain Mike's Pizza® System, our business opportunities, or the goodwill associated with the Marks due to your violation, seeking injunctive relief to restrain any subsequent or continuing violation, formally defaulting you and terminating this Agreement under Section 8.B., or exercising any of our other rights under this Agreement.

## 9. OUR AND YOUR RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT

### A. PAYMENT OF AMOUNTS OWED TO YOU.

We agree to pay you within fifteen (15) days after the effective date of termination or expiration of this Agreement, or on any later date that the amounts due to you are determined, all amounts owed to you which then are unpaid (subject to our rights under Section 3.D.). We are not obligated to pay you any amounts that accrue after the effective date of termination or expiration.

### B. MARKS.

Upon the termination or expiration of this Agreement:

(1) you may not directly or indirectly at any time or in any manner (except with Mountain Mike's Pizza Restaurants you own and operate) identify yourself in any business as a current or former development agent of Mountain Mike's Pizza Restaurants, use any Mark, any colorable imitation thereof or other indicia of a Mountain Mike's Pizza Restaurant in any manner or for any purpose, or utilize for any purpose any trade name, trade or service mark or other commercial symbol that indicates or suggests a connection or association with us;

(2) you agree to take the action required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark; and

(3) you agree to deliver to us within thirty (30) days all signs, marketing materials, forms and other materials containing any Mark or otherwise identifying or relating to a Mountain Mike's Pizza Restaurant and allow us, without liability to you or third parties, to remove all of these items from wherever they are located.

### C. CONFIDENTIAL INFORMATION.

You agree that, upon termination or expiration of this Agreement, you will immediately cease to use any of our Confidential Information in any business or otherwise (except in operating Mountain Mike's Pizza Restaurants under Franchise Agreements with us) and return to us all copies of any confidential materials that we have loaned to you.

### D. COVENANT NOT TO COMPETE.

Upon

(1) our termination of this Agreement according to its terms and conditions,

(2) your termination of this Agreement, or

(3) expiration of this Agreement (without renewal),

you and your owners agree that, for a period of two (2) years commencing on the effective date of termination or expiration or the date on which all persons restricted by this Paragraph begin to comply with this Paragraph, whichever is later, neither you nor any of your owners will have any direct or indirect interest (*e.g.*, through a spouse) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative, or agent in any Competitive Business (as defined in Section 6 above) operating:

(a) within the Territory; or

(b) within one (1) mile of any Mountain Mike's Pizza Restaurant in operation or under construction on the later of the effective date of the termination or expiration or the date on which all persons restricted by this Paragraph begin to comply with this Paragraph.

If any person restricted by this Paragraph refuses voluntarily to comply with these obligations, the two (2) year period will commence with the entry of a court order enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, enforcement of the covenants made in this Paragraph will not deprive you of your personal goodwill or ability to earn a living.

E. **CONTINUING OBLIGATIONS**.

All of our and your (and your owners') obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

## 10. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION

A. **INDEPENDENT CONTRACTORS**.

You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that you and we are and will be independent contractors, that we have appointed you as our special agent for a particular purpose, and that nothing in this Agreement is intended to make either you or us a general agent, joint venturer, partner, or employee of the other for any purpose. Nor are we the employer or joint employer of your business's employees. You agree to identify yourself conspicuously in all dealings with franchise owners, customers, suppliers, public officials, business personnel, and others as the business's independent owner, operator, and manager and to place notices of independent ownership on the forms, business cards, stationery, advertising and marketing, and other materials we periodically require. We will not exercise direct or indirect control over the working conditions of the business's personnel, except to the extent such indirect control is related to our legitimate interest in protecting the quality of products, services, or the Mountain Mike's Pizza brand. We do not share or codetermine the terms and conditions of employment of the business's employees or affect matters relating to the employment relationship between you

and the business's employees, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. To that end, you agree to identify yourself conspicuously in all dealings with the business's personnel as the employer of such personnel and that we, as the franchisor of Mountain Mike's Pizza Restaurants, are not their employer and do not engage in any employer-type activities for which only franchisees are responsible, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions.

B. **NO LIABILITY FOR ACTS OF OTHER PARTY**.

You agree not to employ any of the Marks in signing any contract or applying for any license or permit, or in a manner that may result in our liability for any of your indebtedness or obligations, and that you will not use the Marks in any way we have not expressly authorized. Neither we nor you will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other, represent that our respective relationship is other than grantor and development agent, or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. We will not be obligated for any damages to any person or property directly or indirectly arising out of the business you conduct under this Agreement.

C. **INDEMNIFICATION**.

(i) You agree to indemnify and hold harmless us, our affiliates, and our and their respective owners, directors, officers, employees, agents, successors, and assignees (the "Indemnified Parties") against, and to reimburse any one or more of the Indemnified Parties for, all Losses (defined below) incurred as a result of a claim threatened or asserted or inquiry made formally or informally, or a legal action, investigation, or other proceeding threatened or brought, by a third party and directly or indirectly arising out of the business you conduct under this Agreement; your breach of this Agreement; or your noncompliance or alleged noncompliance with any law, ordinance, rule, or regulation, including any allegation that we or another Indemnified Party is a joint employer or otherwise responsible for your acts or omissions relating to your employees. You also agree to defend the Indemnified Parties (unless an Indemnified Party chooses to defend at your expense as provided in the following paragraph) against any and all such claims, inquiries, actions, investigations, and proceedings, including those alleging the Indemnified Party's negligence, gross negligence, willful misconduct, and willful wrongful omissions. However, you have no obligation to indemnify or hold harmless an Indemnified Party for any Losses to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly (1) by the Indemnified Party's negligence, willful misconduct, or willful wrongful omissions or (2) by our prescribing the franchise documents you must use, or the franchise filings you must make, in complying with your obligations under this Agreement (although this carve-out does not apply to your failure to comply with our directions, or your responsibilities, as described under Subsection 2.A.(8) above, for which you must indemnify us), so long as the claim to

which those Losses relate is not asserted on the basis of theories of vicarious liability (including agency, apparent agency, or joint employment) or our failure to compel you to comply with this Agreement.

For purposes of this indemnification and hold harmless obligation, "Losses" include all obligations, liabilities, damages (actual, consequential, or otherwise), and reasonable defense costs that any Indemnified Party incurs. Defense costs include, without limitation, accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced. Each Indemnified Party, with its own counsel and at your expense, may defend and otherwise respond to and address any claim threatened or asserted or inquiry made, or action, investigation, or proceeding brought (instead of having you defend it with your counsel, as provided in the preceding paragraph), and, in cooperation with you, agree to settlements or take any other remedial, corrective, or other actions, for all of which defense and response costs and other Losses you are solely responsible (except as provided in the last sentence of the preceding paragraph).

Your obligations in this subparagraph (i) will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against you under this subparagraph (i). You agree that a failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this subparagraph (i).

(ii) We agree to indemnify and hold harmless you and your owners, directors, officers, employees, agents, successors, and assignees (the "DA Indemnified Parties") against, and to reimburse any one or more of the DA Indemnified Parties for, all Losses (as defined in subparagraph (i) above), including defense costs incurred in defending any action under subparagraph (i), that you incur as a result of a claim threatened or asserted or inquiry made, or a legal action, investigation, or other proceeding threatened or brought, by a third party, but only to the extent that a final unappealable ruling issued by a court or arbitrator with competent jurisdiction has determined that an Indemnified Party's negligence, willful misconduct, or willful wrongful omissions in fact occurred and (or our prescription of the franchise documents you were required to use, or the franchise filings you were required to make, in complying with your obligations under this Agreement) solely and directly caused the Losses that the DA Indemnified Party incurred, so long as the claim to which those Losses relate is not asserted on the basis of theories of vicarious liability (including agency, apparent agency, or joint employment) or our failure to compel you to comply with this Agreement. This indemnity and hold harmless will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. A DA Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against us under this subparagraph (ii). We agree that

a failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that a DA Indemnified Party may recover from us under this subparagraph (ii).

## 11. ENFORCEMENT

### A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS.

Except as expressly provided to the contrary in this Agreement, each section, paragraph, term and provision of this Agreement will be considered severable, and if, for any reason, any provision is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which we are a party, that ruling will not impair the operation of, or have any other effect upon, the other portions of this Agreement that may remain otherwise intelligible, which will continue to be given full force and effect and bind the parties, although any portion held to be invalid will be deemed not to be a part of this Agreement from the date the time for appeal expires, if you are a party to the proceeding, otherwise upon your receipt from us of a notice of non-enforcement.

If any covenant in this Agreement which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited and/or length of time, but would be enforceable by reducing any part or all of it, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law is applicable to the validity of the covenant.

If any applicable and binding law or rule of any jurisdiction requires a greater prior notice than is required under this Agreement of the termination of this Agreement or of our refusal to enter into a successor development agent agreement, or the taking of some other action not required under this Agreement, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any operating standard is invalid or unenforceable, the prior notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we will have the right to modify the invalid or unenforceable provision or operating standard to the extent required to be valid and enforceable. You agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions of this Agreement, or any operating standard, any portion or portions which a court or arbitrator may hold to be unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with a court order or arbitration award. These modifications to this Agreement will be effective only in that jurisdiction, unless we elect to give them greater applicability, and will be enforced as originally made and entered into in all other jurisdictions.

### B. WAIVER OF OBLIGATIONS.

We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice to the

other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights we or you may have, will be subject to our and your continuing review and may be revoked by you or us at any time and for any reason, effective upon delivery to the other of ten (10) days' prior written notice.

We and you will not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including, without limitation, our right to demand exact compliance with every term, condition and covenant in this Agreement or to declare any breach to be a default and to terminate this Agreement before the expiration of its term) by virtue of any custom or practice at variance with the terms of this Agreement; our or your failure, refusal or neglect to exercise any right under this Agreement or to insist upon exact compliance by the other with our and your obligations under this Agreement; our waiver, forbearance, delay, failure or omission to exercise any right, power or option, whether of the same, similar or different nature, with other Mountain Mike's Pizza Restaurant development agents; or the existence of other development agent agreements for Mountain Mike's Pizza Restaurants which contain different provisions from those contained in this Agreement.

C. **COSTS AND ATTORNEYS' FEES**.

If we incur costs and expenses to enforce our rights or your obligations under this Agreement because you have failed to submit when due any reports, information, or supporting records or otherwise to comply with this Agreement, you agree to reimburse us for all costs and expenses we incur, including, without limitation, reasonable accounting, attorneys', arbitrators', and related fees. Your obligation to reimburse us arises whether or not we begin a formal legal proceeding against you to enforce this Agreement. If we do begin such a formal legal proceeding against you, the reimbursement obligation applies to all costs and expenses we incur preparing for, commencing, and prosecuting the legal proceeding and until the proceeding has come to a complete end (including appeals and settlements).

D. **RIGHTS OF PARTIES ARE CUMULATIVE**.

Our and your rights under this Agreement are cumulative, and no exercise or enforcement by us or you of any right or remedy under this Agreement will preclude our or your exercise or enforcement of any other right or remedy under this Agreement which we or you are entitled by law to enforce.

E. **ARBITRATION**.

ALL CONTROVERSIES, DISPUTES OR CLAIMS BETWEEN US AND OUR AFFILIATES, AND OUR AND OUR AFFILIATES' RESPECTIVE OWNERS, OFFICERS, DIRECTORS, AGENTS AND/OR EMPLOYEES, AND YOU (AND/OR YOUR OWNERS, GUARANTORS, AFFILIATES AND EMPLOYEES, IF APPLICABLE) ARISING OUT OF OR RELATED TO:

(1) THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN YOU (OR YOUR OWNERS) AND US OR ANY PROVISION OF ANY OF THESE AGREEMENTS;

(2) OUR RELATIONSHIP WITH YOU;

(3) THE SCOPE OR VALIDITY OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN YOU (OR YOUR OWNERS) AND US OR ANY PROVISION OF ANY OF THOSE AGREEMENTS (INCLUDING THE VALIDITY AND SCOPE OF THE ARBITRATION OBLIGATION UNDER THIS SECTION, WHICH WE AND YOU ACKNOWLEDGE IS TO BE DETERMINED BY AN ARBITRATOR AND NOT BY A COURT); OR

(4) ANY OPERATING STANDARD;

MUST BE SUBMITTED FOR ARBITRATION TO THE AMERICAN ARBITRATION ASSOCIATION. THE ARBITRATION PROCEEDINGS WILL BE CONDUCTED BY ONE ARBITRATOR AND, EXCEPT AS THIS SUBSECTION OTHERWISE PROVIDES, ACCORDING TO THE AAA'S THEN CURRENT COMMERCIAL ARBITRATION RULES. ALL PROCEEDINGS WILL BE CONDUCTED AT A SUITABLE LOCATION CHOSEN BY THE ARBITRATOR THAT IS WITHIN TEN (10) MILES OF OUR THEN CURRENT PRINCIPAL BUSINESS ADDRESS (CURRENTLY, NEWPORT BEACH, CALIFORNIA). THE ARBITRATOR WILL HAVE NO AUTHORITY TO SELECT A DIFFERENT HEARING LOCALE OTHER THAN AS DESCRIBED IN THE PRIOR SENTENCE. ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.).

THE ARBITRATOR WILL HAVE THE RIGHT TO AWARD OR INCLUDE IN HIS OR HER AWARD ANY RELIEF WHICH HE OR SHE DEEMS PROPER IN THE CIRCUMSTANCES, INCLUDING, WITHOUT LIMITATION, MONEY DAMAGES (WITH INTEREST ON UNPAID AMOUNTS FROM THE DATE DUE), SPECIFIC PERFORMANCE, INJUNCTIVE RELIEF, AND ATTORNEYS' FEES AND COSTS IN ACCORDANCE WITH SECTION 11.C. ABOVE, PROVIDED THAT THE ARBITRATOR WILL NOT HAVE THE RIGHT TO DECLARE ANY MARK GENERIC OR OTHERWISE INVALID OR, EXCEPT AS OTHERWISE PROVIDED IN PARAGRAPH H OF THIS SECTION, TO AWARD EXEMPLARY, PUNITIVE, TREBLE, AND OTHER FORMS OF MULTIPLE DAMAGES AGAINST THE OTHER. THE AWARD AND DECISION OF THE ARBITRATOR WILL BE CONCLUSIVE AND BINDING UPON ALL PARTIES HERETO, AND JUDGMENT UPON THE AWARD MAY BE ENTERED IN ANY COURT OF COMPETENT JURISDICTION.

WE AND YOU AGREE TO BE BOUND BY THE PROVISIONS OF ANY LIMITATION ON THE PERIOD OF TIME IN WHICH CLAIMS MUST BE BROUGHT UNDER APPLICABLE LAW OR THIS AGREEMENT, WHICHEVER EXPIRES EARLIER. WE AND YOU FURTHER AGREE THAT, IN CONNECTION WITH ANY ARBITRATION

PROCEEDING, EACH MUST SUBMIT OR FILE ANY CLAIM WHICH WOULD CONSTITUTE A COMPULSORY COUNTERCLAIM (AS DEFINED BY THE FEDERAL RULES OF CIVIL PROCEDURE) WITHIN THE SAME PROCEEDING AS THE CLAIM TO WHICH IT RELATES. ANY CLAIM WHICH IS NOT SUBMITTED OR FILED AS DESCRIBED ABOVE WILL BE FOREVER BARRED. THE ARBITRATOR MAY NOT CONSIDER ANY SETTLEMENT DISCUSSIONS OR OFFERS THAT MIGHT HAVE BEEN MADE BY EITHER YOU OR US. WE RESERVE THE RIGHT, BUT HAVE NO OBLIGATION, TO ADVANCE YOUR SHARE OF THE COSTS OF ANY ARBITRATION PROCEEDING IN ORDER FOR SUCH ARBITRATION PROCEEDING TO TAKE PLACE AND BY DOING SO SHALL NOT BE DEEMED TO HAVE WAIVED OR RELINQUISHED OUR RIGHT TO SEEK THE RECOVERY OF THESE COSTS IN ACCORDANCE WITH SECTION 11.C. ABOVE.

WE AND YOU AGREE THAT ARBITRATION WILL BE CONDUCTED ON AN INDIVIDUAL, AND NOT ON A JOINT, COLLECTIVE, OR CLASS-WIDE, BASIS; THAT ONLY WE AND OUR AFFILIATES, AND OUR AND OUR AFFILIATES' RESPECTIVE OWNERS, OFFICERS, DIRECTORS, AGENTS AND/OR EMPLOYEES, AND YOU (AND/OR YOUR OWNERS, GUARANTORS, AFFILIATES AND EMPLOYEES, IF APPLICABLE) MAY BE THE PARTIES TO ANY ARBITRATION PROCEEDING DESCRIBED IN THIS SECTION; AND THAT NO SUCH ARBITRATION PROCEEDING SHALL BE CONSOLIDATED OR JOINED WITH ANY OTHER ARBITRATION PROCEEDING INVOLVING US AND ANY OTHER PERSON, CORPORATION OR PARTNERSHIP. NOTWITHSTANDING THE FOREGOING OR ANYTHING TO THE CONTRARY CONTAINED IN THIS SECTION 11.E., IF ANY COURT OR ARBITRATOR DETERMINES THAT ALL OR ANY PART OF THE PRECEDING SENTENCE IS UNENFORCEABLE WITH RESPECT TO A DISPUTE THAT OTHERWISE WOULD BE SUBJECT TO ARBITRATION UNDER THIS SECTION, THEN ALL PARTIES AGREE THAT THIS ARBITRATION CLAUSE SHALL NOT APPLY TO THAT DISPUTE AND THAT SUCH DISPUTE SHALL BE RESOLVED IN A JUDICIAL PROCEEDING IN ACCORDANCE WITH SECTION 11 OF THIS AGREEMENT (EXCLUDING THIS SECTION 11.E.).

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS PARAGRAPH, WE AND YOU EACH HAVE THE RIGHT TO SEEK TEMPORARY RESTRAINING ORDERS AND TEMPORARY OR PRELIMINARY INJUNCTIVE RELIEF FROM A COURT OF COMPETENT JURISDICTION; PROVIDED, HOWEVER, THAT WE AND YOU MUST CONTEMPORANEOUSLY SUBMIT OUR DISPUTE FOR ARBITRATION ON THE MERITS AS PROVIDED IN THIS SECTION.

THE PROVISIONS OF THIS PARAGRAPH ARE INTENDED TO BENEFIT AND BIND CERTAIN THIRD PARTY NON-SIGNATORIES AND WILL CONTINUE IN FULL FORCE AND EFFECT SUBSEQUENT TO AND NOTWITHSTANDING THE EXPIRATION OR TERMINATION OF THIS AGREEMENT.

F. **GOVERNING LAW**.

ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §§ 1051 ET SEQ.) OR OTHER FEDERAL LAW, THIS AGREEMENT AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN YOU AND US WILL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY CALIFORNIA LAW REGULATING THE SALE OF FRANCHISES (OR DEVELOPMENT AGENT RIGHTS) OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE (OR DEVELOPMENT AGENT) WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH.

G. **CONSENT TO JURISDICTION**.

SUBJECT TO SECTION 11.E. AND THE PROVISIONS BELOW, YOU AND YOUR OWNERS AGREE THAT ALL ACTIONS ARISING UNDER THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN YOU AND US SHALL BE COMMENCED IN THE STATE OR FEDERAL COURT OF GENERAL JURISDICTION LOCATED CLOSEST TO OUR THEN CURRENT PRINCIPAL BUSINESS ADDRESS (CURRENTLY, NEWPORT BEACH, CALIFORNIA), AND YOU (AND EACH OWNER) IRREVOCABLY SUBMIT TO THE JURISDICTION OF SUCH COURTS AND WAIVE ANY OBJECTION YOU (AND EACH OWNER) MAY HAVE TO EITHER THE JURISDICTION OF OR VENUE IN SUCH COURTS. NOTWITHSTANDING THE FOREGOING, YOU AND YOUR OWNERS AGREE THAT WE MAY ENFORCE THIS AGREEMENT AND ANY ARBITRATION ORDERS IN THE COURTS OF THE STATE OR STATES IN WHICH YOU ARE DOMICILED OR THE TERRITORY IS LOCATED.

H. **WAIVER OF EXEMPLARY DAMAGES AND JURY TRIAL**.

EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US UNDER SECTION 10.C. AND CLAIMS WE BRING AGAINST YOU FOR YOUR UNAUTHORIZED USE OF THE MARKS OR UNAUTHORIZED USE OR DISCLOSURE OF ANY CONFIDENTIAL INFORMATION, WE AND YOU AND YOUR RESPECTIVE OWNERS WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, TREBLE, AND OTHER FORMS OF MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF US. WE AND YOU EACH ACKNOWLEDGE THAT WE AND YOU

MAKE THIS WAIVER KNOWINGLY, VOLUNTARILY, WITHOUT DURESS, AND ONLY AFTER CONSIDERATION OF THIS WAIVER'S RAMIFICATIONS.

I. **BINDING EFFECT**.

This Agreement is binding upon us and you and our respective executors, administrators, heirs, beneficiaries, assigns and successors in interest and may not be modified except by a written agreement signed by you and us.

J. **LIMITATIONS OF CLAIMS**.

Except for our (and certain of our related parties') right to seek indemnification from you for third-party claims as provided in this Agreement, any and all claims arising out of or relating to this Agreement or our relationship with you under this Agreement will be barred unless a judicial or arbitration proceeding is commenced within two (2) years from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claims.

K. **CONSTRUCTION**.

The preambles and exhibits are a part of this Agreement which, together with our standards for development agents, constitutes our and your entire agreement, and there are no other oral or written understandings or agreements between us and you, or, except as provided in our Franchise Disclosure Document, oral or written representations by us, relating to the subject matter of this Agreement. Nothing in this Agreement or any related agreement is intended to disclaim our representations in our Franchise Disclosure Document. Except as contemplated by the arbitration provisions of Section 11.E., nothing in this Agreement is intended, nor is deemed, to confer any rights or remedies upon any person or legal entity not a party hereto.

Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed, initiated or effected actions that require our approval.

The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit or construe the contents of these sections or paragraphs.

References in this Agreement to "we," "us" and "our," with respect to all of our rights and all of your obligations to us under this Agreement, will be deemed to include any of our affiliates with whom you deal. The term "affiliate," as used herein with respect to you or us, means any person or entity directly or indirectly owned or controlled by, under common control with or owning or controlling you or us. For purposes of this affiliate definition, "control" means the power to direct or cause the direction of management and policies.

If two or more persons are at any time the Development Agent under this Agreement, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several. References to "owner" mean any person holding a direct or indirect, legal or beneficial ownership interest or voting rights in you, including, without limitation, any person who has a

direct or indirect interest in you or this Agreement and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in its revenue, profits, rights or assets. "Person" means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative or other legal or functional entity.

This Agreement may be executed in multiple copies, each of which will be deemed an original.

## 12. NOTICES AND PAYMENTS

All written notices, reports and payments permitted or required to be delivered by the provisions of this Agreement will be deemed so delivered:

(1) at the time delivered by hand;

(2) one (1) business day after transmission by telecopy, facsimile or other electronic system if the sender has confirmation of successful transmission;

(3) one (1) business day after being placed in the hands of a commercial courier service for next business day delivery; or

(4) three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid;

and must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified.

## 13. ACKNOWLEDGMENTS

You acknowledge:

(1) That you have conducted an independent investigation of this business opportunity and recognize that, like any other business, it involves business risks.

(2) That your business abilities and efforts are vital to the success of your business.

(3) That you are committed to maintaining the standards we prescribe for development agents.

(4) That any information you have acquired from other Mountain Mike's Pizza Restaurant development agents relating to their profits or cash flows does not constitute information obtained from us, nor do we make any representation as to the accuracy of any such information.

(5) That in all of their dealings with you, our officers, directors, employees and agents have acted only in a representative, and not in an individual, capacity and that business dealings between you and them as a result of this Agreement are solely between you and us.

(6) That you have represented to us, as an inducement to our entry into this Agreement, that all statements you have made and all materials you have submitted to us are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the rights granted by this Agreement.

(7) That you have read this Agreement and understand and accept that the terms, conditions and covenants which are contained in this Agreement are reasonably necessary for us to maintain our high standards of quality and service and consequently to protect and preserve the goodwill of the Marks.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Agreement, to be effective as of the date set forth next to our signature below.

| | |
|---|---|
| **MOUNTAIN MIKE'S PIZZA, LLC**, a Delaware limited liability company | **DEVELOPMENT AGENT**<br><br>**[INSERT NAME]** |
| By:_____<br>[Signature] | By:_____<br>[Signature] |
| Print Name:_____ | Print Name:_____ |
| Its:_____ | Its:_____ |
| **DATED**:_____ | **DATED**:_____ |

## EXHIBIT A

## TERRITORY

1. The Territory referred to in Section 1.B. of the Development Agent Agreement will be as follows: _____.

If the Territory is identified by counties or other political subdivisions, political boundaries will be considered fixed as of the date of this Agreement and will not change, notwithstanding a political reorganization or change to the boundaries or regions.

**MOUNTAIN MIKE'S PIZZA, LLC**, a Delaware limited liability company

By:_____
[Signature]

Print Name:_____

Its:_____

**DATED**:_____

**DEVELOPMENT AGENT**

**[INSERT NAME]**

By:_____
[Signature]

Print Name:_____

Its:_____

**DATED**:_____

# EXHIBIT B

## DEVELOPMENT SCHEDULE

The Development Schedule referred to in Section 2.H. of the Development Agent Agreement will be as follows:

| Date Required (Adjust Dates below as Appropriate based on Effective Date of Development Agent Agreement) | Number of New Restaurants to be Opened Within the Territory By Specified Date | Cumulative Minimum Number of Restaurants to be Open and Operating Within the Territory By Specified Date (including Restaurants Already Open and Operating in Territory as of Development Agent Agreement's Effective Date) |
|---|---|---|
| 1/1/2020 | | |
| 1/1/2021 | | |
| 1/1/2022 | | |
| 1/1/2023 | | |
| 1/1/2024 | | |
| 1/1/2025 | | |
| 1/1/2026 | | |
| 1/1/2027 | | |
| 1/1/2028 | | |
| 1/1/2029 | | |
| 1/1/2030 | | |
| 1/1/2031 | | |
| 1/1/2032 | | |
| 1/1/2033 | | |
| 1/1/2034 | | |

**MOUNTAIN MIKE'S PIZZA, LLC**, a Delaware limited liability company

By:_____
[Signature]

Print Name:_____

Its:_____

**DATED**:_____

**DEVELOPMENT AGENT**

**[INSERT NAME]**

By:_____
[Signature]

Print Name:_____

Its:_____

**DATED**:_____

## EXHIBIT C

## MINIMUM STAFFING REQUIREMENTS

One full-time Field Operations person for each ten (10) Mountain Mike's Restaurants in the Territory (*i.e.*, when the Development Agent has a total of eleven (11) Mountain Mike's Restaurants in the Territory, it must hire a second Field Operations person).

| | |
|---|---|
| **MOUNTAIN MIKE'S PIZZA, LLC**, a Delaware limited liability company | **DEVELOPMENT AGENT**<br><br>**[INSERT NAME]** |
| By:_____<br>[Signature] | By:_____<br>[Signature] |
| Print Name:_____ | Print Name:_____ |
| Its:_____ | Its:_____ |
| **DATED**:_____ | **DATED**:_____ |

## GUARANTY AND ASSUMPTION OF OBLIGATIONS

**THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS** is given this _____ day of _____, 202_, by _____.

In consideration of, and as an inducement to, the execution of that certain Development Agent Agreement (the "Agreement") on this date by MOUNTAIN MIKE'S PIZZA, LLC ("us," "we," or "our"), each of the undersigned personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement (including, without limitation, any extensions of its term) and afterward as provided in the Agreement, that [INSERT NAME] ("Development Agent") will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement (including, without limitation, any amendments or modifications of the Agreement) and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including any amendments or modifications of the Agreement), including (i) monetary obligations, (ii) obligations to take or refrain from taking specific actions and to engage or refrain from engaging in specific activities, including, but not limited to, the non-competition, confidentiality, and transfer requirements, and (iii) the enforcement and other provisions in Sections 11 and 12 of the Agreement.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with Development Agent and among other guarantors; (2) he or she will render any payment or performance required under the Agreement upon demand if Development Agent fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Development Agent or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence that we may from time to time grant to Development Agent or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims (including, without limitation, the release of other guarantors), none of which will in any way modify or amend this Guaranty, which will continue and be irrevocable during and after the term of the Agreement (including, without limitation, any extensions of its term) for so long as any performance is or might be owed under the Agreement by Development Agent or its owners and for so long as we have any cause of action against Development Agent or its owners; and (5) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Development Agent, and each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation that any of the undersigned may have against Development Agent arising as a result of the undersigned's execution of and performance under this Guaranty; (ii) acceptance and notice of acceptance by us of his or her undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled; and (iii) all rights to assert or plead any statute of limitations or other limitations period as to or

relating to this Guaranty. The undersigned expressly acknowledges that the obligations under this Guaranty survive expiration or termination of the Agreement.

If we seek to enforce this Guaranty in an arbitration, judicial, or other proceeding and prevail in that proceeding, we are entitled to recover our reasonable costs and expenses (including, but not limited to, attorneys' fees, arbitrators' fees, and expert witness fees, costs of investigation and proof of facts, court costs, other arbitration or litigation expenses, and travel and living expenses) incurred in connection with such proceeding. If we are required to engage legal counsel in connection with the undersigned's failure to comply with this Guaranty, the undersigned must reimburse us for any of the above-listed costs and expenses we incur, even if we do not commence a judicial or arbitration proceeding.

Subject to the arbitration obligations (as set forth in the Agreement) and the provisions below, each of the undersigned agrees that all actions arising under this Guaranty or the Agreement, or otherwise as a result of the relationship between us and the undersigned, must be brought exclusively in the state or federal court of general jurisdiction in the state, and in (or closest to) the city, where we have our principal business address when the action is commenced, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. Nonetheless, each of the undersigned agrees that we may enforce this Guaranty and any arbitration orders and awards in the courts of the state or states in which he or she is domiciled. WE AND THE UNDERSIGNED IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY US OR THE UNDERSIGNED. WE AND THE UNDERSIGNED ACKNOWLEDGE THAT WE AND THE UNDERSIGNED MAKE THIS WAIVER KNOWINGLY, VOLUNTARILY, WITHOUT DURESS, AND ONLY AFTER CONSIDERATION OF THIS WAIVER'S RAMIFICATIONS.

**IN WITNESS WHEREOF**, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

**GUARANTOR(S)**

_____

[Signature of _____]

_____

[Signature of _____]

# EXHIBIT C

# LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

**STATE AGENCIES/AGENTS**
**FOR SERVICE OF PROCESS**

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process.

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

## CALIFORNIA

Commissioner of the Department of Financial Protection and Innovation:
Toll Free: 1 (866) 275-2677

***Los Angeles***

Suite 750
320 West 4th Street
Los Angeles, California 90013-2344
(213) 576-7500

***Sacramento***

1515 K Street, Suite 200
Sacramento, California 95814-4052
(916) 445-7205

***San Diego***

1350 Front Street, Rm. 2034
San Diego, California 92101-3697
(619) 525-4233

***San Francisco***

One Sansome Street, Suite 600
San Francisco, California 94105-2980
(415) 972-8559

## HAWAII

(for service of process)

Commissioner of Securities Business Registration Division Department of Commerce and Consumer Affairs
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

(for other matters)

Commissioner of Securities
Business Registration Division
Department of Commerce and Consumer Affairs
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

## ILLINOIS

Illinois Attorney General 500 South Second Street Springfield, Illinois 62706
(217) 782-4465

**INDIANA**

for service of process)

Indiana Secretary of State 201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

(state agency)

Indiana Secretary of State Securities Division Room E-111
302 West Washington Street
Indianapolis, IN 46204
(317)232-6681

**MARYLAND**

(state agency)

Office of the Attorney General-Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(for service of process)

Maryland Securities Commissioner at the Office of Attorney General-Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

**MICHIGAN**

Corporations Division Franchise
P.O. Box 30054 Lansing, MI 48909
(517) 373-7117

**MINNESOTA**

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101
(651) 539-1500

**NEW YORK**

(Administrator)

Office of the New York State Attorney General Investor Protection Bureau
Franchise Section
28 Liberty Street
New York, NY 10005
(212) 416-8236
(Phone)
(212) 416-6042 (Fax)

(Agent for Service)

Attention: New York Secretary of State New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor Albany, NY 12231-0001
(518) 473-2492

**NORTH DAKOTA**

(state agency)

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol Fifth Floor Dept
414 Bismarck, North Dakota
58505-0510 (701) 328-4712

(for service of process)

Securities Commissioner
600 East Boulevard Avenue State Capitol Fifth Floor Dept 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

**OREGON**

Oregon Division of Finance and Corporate Securities
350 Winter Street NE, Room 410
Salem, Oregon 97301-3881
(503) 378-438

**RHODE ISLAND**

Securities Division
Department of Business Regulations
1511 Pontiac Avenue
John O. Pastore Complex-Building 69-1 Cranston, RI 02920
(401) 462-9500

**SOUTH DAKOTA**

Division of Securities
Department of Labor and Regulation
124 S. Euclid, Suite 104
Pierre, SD 57501
(605) 773-4823

**VIRGINIA**

(for service of process)

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

(for other matters)

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

**WASHINGTON**

(for service of process)

Director Department of Financial Institutions Securities Division
150 Israel Road SW
Tumwater, Washington
98501
(360) 902-8760

(for other matters)

Department of Financial Institutions
Securities Division
P. O. Box 9033
Olympia, Washington 98501-9033
(360) 902-8760

**WISCONSIN**

Commissioner of Securities
345 W. Washington Ave., 4th Floor
Madison, Wisconsin 53703
(608) 266-8557

# EXHIBIT D

# LIST OF DEVELOPMENT AGENTS

**DEVELOPMENT AGENTS (As of December 31, 2020):**

**Maddox Development Inc.**
John Maddox
161 North Second Ave.
Oakdale, CA 95361
Cell: 209-604-6946

**Robofran Development, LLC**
Robby Basati
1384 Alvernaz Dr.
San Jose CA, 95121
Phone: 408-603-8613

**North Bay Franchise Management Inc.**
Sonu Chandi
525 4th Street #D
Santa Rosa, CA 95401
Cell: 925-890-7977

**Alex Golshanara**
830 Stewart Drive, Suite 222-226
Sunnyvale, CA 94085
Bus/Home: 408-441-1877
Cell: 408-893-5741

**Pelican Foods Concepts LLC**
Donte Andry, Walid Daoud, and Randall Char
2302 E. Speedway Blvd. #210
Tucson, AZ, 85719
Phone: 520-577-0880

# EXHIBIT E

# DEVELOPMENT AGENT REPRESENTATIONS

**MOUNTAIN MIKE'S PIZZA, LLC**
**DEVELOPMENT AGENT REPRESENTATIONS**

**Important Instructions**: Mountain Mike's Pizza, LLC ("we," "us," or "our") and you are ready to sign a Development Agent Agreement for the operation of a Mountain Mike's Development Agent business. This document's purpose is to determine whether any statements or promises were made to you that we have not authorized, do not appear in or are inconsistent with our franchise documents, or might be untrue, inaccurate, or misleading. We also want to be sure you understand certain terms of the Development Agent Agreement you will sign and their ramifications. Please review each of the following statements carefully and do not sign this document if it contains anything you think might be untrue. If you sign this document, you are confirming that what it says is true. In addition, if you sign it, we will take action in reliance on the truth of what it says.

The following Development Agent — _____ _____(**the "DA"**) — is interested in acquiring Development Agent rights for the Mountain Mike's® brand within a specific territory identified in the Development Agent Agreement (**the "Territory"**). Each of the undersigned represents that all of the following statements are true:

1. Each of the undersigned has conducted its, his, or her own independent investigation of us; the Mountain Mike's franchise system; the risks, burdens, and nature of the business DA will conduct under the Development Agent Agreement; and DA's proposed Territory.

***Insert initials into the following blank to confirm this statement: ___**

2. Each of the undersigned understands that the business DA will conduct under the Development Agent Agreement involves risks and that success or failure will be substantially influenced by DA's abilities and efforts.

***Insert initials into the following blank to confirm this statement: ___**

3. DA has (through one or more of the undersigned) received and reviewed the Development Agent Agreement and each rider, exhibit, and schedule attached to it.

***Insert initials into the following blank to confirm this statement: ___**

4. DA understands all of the information contained in the Development Agent Agreement and each rider, exhibit, and schedule attached to it.

***Insert initials into the following blank to confirm this statement: ___**

5. Each of the undersigned understands that the Development Agent Agreement we use in the Mountain Mike's franchise system changes from time to time, meaning that the

Development Agent Agreement for DA's Territory likely will be different from others we signed in the past and will sign in the future. DA will be bound by its own Development Agent Agreement, regardless of what our other Development Agent Agreements might say.

***Insert initials into the following blank to confirm this statement: ___**

6. DA has received ready-to-be-signed copies of the Development Agent Agreement and all other related agreements and has had ample opportunity to consult with its, his, or her attorneys, accountants, and other advisors concerning those documents. If we unilaterally made any material changes in DA's final, ready-to-be signed copies of the Development Agent Agreement and related agreements (other than as a result of negotiations started by DA), DA has had copies of those documents in-hand for at least seven (7) calendar days before signing them.

***Insert initials into the following blank to confirm this statement: ___**

7. DA has received a franchise disclosure document ("FDD") as required by law at least 14 calendar days before signing the Development Agent Agreement or any other binding agreement, and at least 14 calendar days before paying any consideration to us or our affiliate in connection with these Development Agent rights, and has had ample opportunity to consult with its, his, or her attorneys, accountants, and other advisors concerning the FDD.

8. We have made no representation, warranty, promise, guaranty, prediction, projection, or other statement, and given no information, as to the future, past, likely, or possible income, sales volume, or profitability, expected or otherwise, of the Development Agent business you will operate under the Development Agent Agreement, except: (None, unless something is filled-in here) _____
_____
_____.

***Insert initials into the following blank to confirm this statement: ___**

9. Each of the undersigned understands that:

9.1 We do not authorize our officers, directors, or employees to furnish any oral or written representation, warranty, promise, guaranty, prediction, projection, or other statement or information concerning actual or potential income, sales volume, or profitability, either generally or of any Mountain Mike's Development Agent business.

9.2 Actual results vary from business to business and from time period to time period, and we cannot estimate, project, or predict the results of any particular Mountain Mike's Development Agent business.

9.3 We have specifically instructed our officers, directors, and employees that they are not permitted to make any representation, warranty, promise, guaranty, prediction, projection, or other statement or give information as to income, sales volume,

or profitability, either generally or with respect to any particular Mountain Mike's Development Agent business.

9.4 If any unauthorized representation, warranty, promise, guaranty, prediction, projection, or other statement or information is made or given, the undersigned should not (and will not) rely on it and should report it to our management.

***Insert initials into the following blank to confirm these statements: ___**

10. Before signing the Development Agent Agreement and any related agreements, the undersigned DA has had ample opportunity: (A) to discuss the Development Agent Agreement, any related agreement, and the business DA will conduct with its, his, or her own attorneys, accountants, and real estate and other advisors; (B) to contact our existing Development Agents and Mountain Mike's franchisees; and (C) to investigate all statements and information made or given by us and our officers, directors, employees, and agents relating to the Mountain Mike's franchise system, the Development Agent business, and any other subject.

***Insert initials into the following blank to confirm this statement: ___**

11. Each of the undersigned understands that the Development Agent Agreement grants rights for one, and only one, Development Agent business, operated only in the Territory identified in the Development Agent Agreement, and that, except as provided in the Development Agent Agreement, we are not granting or promising any "exclusive," "expansion," "protected," "non-encroachable," or other territorial rights, rights of first refusal, or rights of any other kind concerning the contiguous or any other market area of DA's business or any other existing or potential Mountain Mike's Development Agent business or geographic territory.

***Insert initials into the following blank to confirm this statement: ___**

12. Each of the undersigned acknowledges that the Development Agent Agreement expressly addresses the commissions to which DA is entitled on account of its operation of the Development Agent business and related business terms. Each of the undersigned understands the meaning and effect of each provision in the Development Agent Agreement.

***Insert initials into the following blank to confirm this statement: ___**

13. Each of the undersigned understands that the Development Agent Agreement (including any riders and exhibits) reflects the entire agreement between the parties with respect to the development and operation of the Development Agent business and supersedes all prior and other contemporaneous oral or written agreements, statements, representations, and understandings of us, the undersigned, and DA, except for representations made by the undersigned in this document and by us in the FDD.

***Insert initials into the following blank to confirm this statement: ___**

14. Each of the undersigned understands that, except for our representations in the FDD, nothing stated or promised by us that is not specifically set forth in the Development Agent Agreement can be relied upon by the undersigned or DA.

***Insert initials into the following blank to confirm this statement: ___**

15. The only state in which each of the undersigned is a resident is California

***Insert initials into the following blank to confirm this statement: ___**

16. Each of the undersigned understands the importance of the Territory. The undersigned and DA have had ample opportunity and the means to investigate, review, and analyze independently the Territory, the number of Mountain Mike's restaurants currently operating in the Territory, the Territory's potential for additional Mountain Mike's restaurant franchises, and all other relevant facts.

***Insert initials into the following blank to confirm this statement: ___**

17. Each of the undersigned understands that neither our definition nor our acceptance of the Territory implies or constitutes any warranty, representation, guarantee, prediction, or projection that the Territory will be profitable or successful.

***Insert initials into the following blank to confirm this statement: ___**

18. The covenants and restrictions concerning competition contained in the Development Agent Agreement are fair and reasonable and will not impose an undue hardship on the undersigned or DA. Each of them has other considerable skills, abilities, opportunities, and experience in other matters and of a general nature that enable each of them to derive income that is satisfactory to them from other endeavors.

***Insert initials into the following blank to confirm this statement: ___**

19. There is no fiduciary or confidential relationship between us and the undersigned or between us and DA. Each of the undersigned expects us to deal, and will act as if we are dealing, with it, him, or her at arm's length and in our own best interests.

***Insert initials into the following blank to confirm this statement: ___**

20. We have advised the undersigned and DA to consult with their own advisors on the legal, financial, and other aspects of the Development Agent Agreement and all other documents signed concurrently with the Development Agent Agreement; this document; the Territory; and the Development Agent business contemplated. Each of the undersigned has either consulted with such advisors or deliberately declined to do so.

***Insert initials into the following blank to confirm this statement: ___**

21. Neither we nor any employee has provided the undersigned or DA with services or advice that is of a legal, accounting, or other professional nature.

***Insert initials into the following blank to confirm this statement: ___**

22. The statements made in this document supplement and are cumulative to statements, warranties, and representations made in other documents, such as the Development Agent Agreement. The statements made in this document or the Development Agent Agreement are made separately and independently. They are not intended to be, and will not be, construed as modifying or limiting each other.

***Insert initials into the following blank to confirm this statement: ___**

23. Each of the undersigned understands that we and DA will be independent contractors. Nothing is intended to make either DA or us a general or special agent, joint venturer, partner, or employee of the other for any purpose. We will not exercise direct or indirect control over DA's personnel except to the extent any indirect control is related to our legitimate interest in protecting the quality of products, service, or the Mountain Mike's brand. We will not share or codetermine the employment terms and conditions of DA's employees or affect matters relating to the employment relationship between DA and its employees, such as employee selection, training, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. We will not be the employer or joint employer of the DA's employees.

***Insert initials into the following blank to confirm this statement: ___**

24. The President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with terrorists and terrorist organizations, and the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "Anti-Terrorism Measures"). We therefore require certain certifications that the parties with whom we deal are not directly or indirectly involved in terrorism. For that reason, the undersigned and DA hereby certify that neither they nor any of their employees, agents, or representatives, nor any other person or entity associated with DA, is: (a) a person or entity listed in the Annex to the Executive Order; (b) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism; (c) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or (d) owned or controlled by terrorists or sponsors of terrorism. The undersigned and DA further covenant that neither they nor any of their employees, agents, or representatives, nor any other person or entity associated with them, will during the Development Agent Agreement term become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

***Insert initials into the following blank to confirm this statement: ___**

**********

| | |
|---|---|
| (Name of DA) | (Individual Signature of Owner/Officer of DA) |
| (Signature of Person Binding DA) | (Name Printed) |
| (Name and Title Printed) | (Date) |
| (Date) | |
| (Individual Signature of Owner/Officer of DA) | (Individual Signature of Owner/Officer of DA) |
| (Name Printed) | (Name Printed) |
| (Date) | (Date) |

## State Effective Dates

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

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

| State | Effective Date |
|---|---|
| California | ~~May 13, 2020~~ |

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

## RECEIPT

This disclosure document summarizes certain provisions of the Development Agent Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Mountain Mike's Pizza, 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 Mountain Mike's Pizza, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified in Exhibit C.

The franchisor is Mountain Mike's Pizza, LLC, located at 26 Corporate Plaza, Suite 180, Newport Beach, CA 92660. Its telephone number is (949) 200-7932.

The franchise sellers for this offering are Jim Metevier, 26 Corporate Plaza, Suite 180, Newport Beach, CA 92660, (949) 438-1203, and: _____
*{complete only if applicable}*.

Issuance Date: April ~~21, 2020~~16, 2021

MMP authorizes the respective state agents identified on Exhibit C to receive service of process for it in the particular states. I received a disclosure document from Mountain Mike's Pizza, LLC dated as of April ~~21, 2020,~~16, 2021, that included the following Exhibits:

A. Financial Statements
B. Development Agent Agreement
C. List of State Agencies/Agents for Service of Process
D. List of Development Agents
E. Development Agent Representations

| | |
|---|---|
| Date | Prospective Development Agent [Print Name] |
| ***(Date, Sign, and Return to Us)*** | Prospective Development Agent [Signature] |

*After signing and dating the Receipt, you may return it to us (to the attention of _____) by sending us the original via overnight delivery or regular mail to MMP's address above or by emailing a scanned copy to [Insert email address].*

## RECEIPT

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E. Development Agent Representations

| | |
|---|---|
| Date | Prospective Development Agent [Print Name] |
| ***(Date, Sign, and Keep for Your Own Records)*** | Prospective Development Agent [Signature] |