FRANCHISE DISCLOSURE DOCUMENT

ISSUANCE DATE: MARCH 23, 2023

SCHLOTZSKY'S FRANCHISOR SPV LLC
A Delaware limited liability company
5620 Glenridge Drive NE, Atlanta, Georgia 30342
(404) 255-3250
requests@schlotzskys.com
www.schlotzskys.com

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You will operate a Schlotzsky's® restaurant ("**Restaurant**"). Schlotzsky's® restaurants are quick casual restaurants featuring premium sandwiches, pizzas, calzones, soups, salads, and complementary food and beverages. As a condition of granting you a Schlotzsky's® franchise, we also typically require you to purchase a Cinnabon® Express franchise to operate inside the Restaurant, except in rare instances involving non-traditional locations.

The total investment necessary to begin operation of a Schlotzsky's® franchise with a Cinnabon® Express franchise inside it ranges from $568,600 to $1,851,750. This includes $43,500 to $78,700 that must be paid to us or to our affiliates.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our sales department at 5620 Glenridge Drive NE, Atlanta, Georgia 30342 and 800-227-8353 or requests@schlotzskys.com.

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

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

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

The issuance date of this Franchise Disclosure Document is March 23, 2023.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D and Exhibit E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit 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 Schlotzsky's 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 Schlotzsky's franchisee?	Item 20 or Exhibit D and Exhibit E list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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 F.

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

Special Risks to Consider About *This* Franchise

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

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

(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General
G. Mennen Williams Building, 7th Floor
525 W. Ottawa Street
Lansing, Michigan 48909
Telephone Number: (517) 335-7567

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EXHIBITS:

EXHIBIT A FINANCIAL STATEMENTS

EXHIBIT B SCHLOTZSKY'S FRANCHISE AGREEMENT AND RELATED AGREEMENTS:

Schedule A - Franchise Specific Terms
Schedule B - Personal Covenants
Schedule C - Guaranty of Payment and Performance
Schedule D - State Law Addendum (If Required)
Schedule E - Multi-Unit Addendum

EXHIBIT C OTHER AGREEMENTS:

General Release
Schlotzsky's Franchisee Participation Agreement
POS System Support Services Agreement

EXHIBIT D INFORMATION ON FRANCHISEES

EXHIBIT E INFORMATION ON FORMER FRANCHISEES

EXHIBIT F STATE ADMINISTRATORS

EXHIBIT G AGENTS FOR SERVICE OF PROCESS

EXHIBIT H STATE ADDENDA TO DISCLOSURE DOCUMENT

EXHIBIT I FRANCHISEE DISCLOSURE ACKNOWLEDGEMENT

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, "**we**", "**us**", "**our**", or "**Schlotzsky's**" means Schlotzsky's Franchisor SPV LLC, the franchisor. "**You**" or "**your**" means the person or entity who buys the franchise, including all equity owners of a corporation, general partnership, limited partnership, limited liability company, or any other type of entity (an "**Entity**"). The words "**includes**" and "**including**" mean "includes, but is not limited to" and "including, but not limited to," and the terms following such words are intended to be examples and not an exhaustive list. If you are an Entity, each individual with direct or indirect ownership interest shall be referred to as an "**Owner**."

Our Business

We are a Delaware limited liability company organized on February 2, 2017. We do business under the names "Schlotzsky's," "Schlotzsky's Austin Eatery," "Schlotzsky's Eatery," "Schlotzsky's Bakery Café," "Schlotzsky's Deli," and "Schlotzsky's Café Xpress." Our principal place of business is 5620 Glenridge Drive NE, Atlanta, Georgia 30342. Exhibit G discloses our agents for service of process. Although we reserve the right to do so, we have not offered franchises in other lines of business.

For ease of reference, we will refer to Schlotzsky's® restaurants simply as "**Restaurants**" throughout this Disclosure Document, whether owned by our franchisees or by us or our affiliates. "Restaurants" includes all of our formats. Our business includes the sale and management of franchises, the sale of goods and services to our franchisees and the sale of goods to the general public. We also license the mark Schlotzsky's® and other proprietary rights to others for the production of Schlotzsky's® brand products and the operation of retail outlets that are not like Restaurants in what we call "non-traditional locations" such as stadiums, office buildings, convenience stores, zoos, airports and similar-type venues.

We have offered Schlotzsky's® franchises since April 2017. As of December 31, 2022, there were 299 franchised Restaurants in the United States. We do not own any Restaurants. As of December 31, 2022, our affiliate, Schlotzsky's Stores LLC, owned and operated 27 restaurants offering products using the Schlotzsky's® trademarks at retail, such as supermarkets, convenience stores, club stores and other similar retail outlets and (ii) unaffiliated branded restaurants and retail stores that we permit to sell one or more Schlotzsky's® branded products.

Predecessors, Parents and Certain Affiliates

We are an indirect, wholly-owned subsidiary of Focus Brands LLC, a Delaware limited liability company ("**Focus Brands**"). Focus Brands was originally incorporated in Delaware as Focus Brands Inc. before it converted to a Delaware limited liability company on December 29, 2019. Focus Brands shares our principal business address, has not conducted a business of the type that you will operate, and has not offered franchises in any line of business. Focus Brands is the indirect parent company of six other franchise systems (see below).

We are a direct, wholly-owned subsidiary of Focus Brands Systems LLC ("**Focus Systems**"), a Delaware limited liability company. Focus Systems is a direct, wholly-owned subsidiary of Focus Brands Funding LLC ("**Focus Funding**"), a Delaware limited liability company. Focus Systems is an indirect, wholly-owned subsidiary of Focus Brands. Focus Systems and Focus Funding

share our principal business address, have not conducted a business of the type that you will operate, and have not offered franchises in any line of business.

Schlotzsky's Franchise LLC ("**SFL**"), a Georgia limited liability company that shares our principal business address, is an indirect subsidiary of Focus Brands. SFL is our predecessor and offered Schlotzsky's® franchises from November 2006 to April 2017. SFL has not offered franchises in any other line of business. SFL became affiliated with Focus Brands in November 2006 after an acquisition.

Schlotzsky's Stores LLC and Schlotzsky's Texas Stores LLC, Georgia limited liability companies that share our principal business address, are indirect subsidiaries of Focus Brands. Neither entity has offered franchises in any line of business.

Affiliates That Provide Services to Franchisees

We have entered into a management agreement with Focus Brands for it to provide our franchisees with certain support and services that we are obligated to provide under their franchise agreements. Focus Brands also acts as our franchise sales agent. We have agreed to pay management fees to Focus Brands for these services. Focus Brands may delegate certain of these responsibilities to our other affiliates. However, as the franchisor, we will be responsible and accountable to you to make sure that all services we promise to perform under your Franchise Agreement or other agreement you sign with us are performed in compliance with the applicable agreement, regardless of who performs these services on our behalf.

FSC LLC (**"FSC**"), a Georgia limited liability company, is an indirect subsidiary of Focus Brands that manages the supply chain associated with us and the other franchise systems within the Focus Brands Portfolio (as defined below). In managing the supply chain, FSC handles the procurement, distribution, logistics and quality assurance aspects of the Focus Brands Portfolio supply chain and seeks to leverage the overall buying power of these franchise systems in order to provide value to each system. FSC shares our principal business address, has not conducted a business of the type that you will operate, and has not offered franchises in any line of business.

Focus Brands Rewards, Inc. ("**FBRI**"), a Florida corporation, is an indirect subsidiary of Focus Brands that administers the gift card program for Restaurants and other brands in the Focus Brands Portfolio (as defined below). See Item 8 for more information on our gift card program. FBRI shares our principal business address, has not conducted a business of the type that you will operate, and has not offered franchises in any line of business.

Focus Systems guarantees our performance of obligations under our franchise agreements.

Focus Brands

Focus Brands is the indirect parent company to seven franchisors, including: us, Auntie Anne's Franchisor SPV LLC ("**Auntie Anne's**"), Carvel Franchisor SPV LLC ("**Carvel**"), Cinnabon Franchisor SPV LLC ("**Cinnabon**"), Jamba Juice Franchisor SPV LLC ("**Jamba**"), McAlister's Franchisor SPV LLC ("**McAlister's**"), and Moe's Franchisor SPV LLC ("**Moe's**") (collectively, the "**Focus Brands Portfolio**"). Prior to April 2017, the franchisors of these franchise systems (other than Jamba, which was not affiliated with Focus Brands at the time) were SFL, Auntie Anne's LLC, Carvel Corporation (now known as Carvel LLC), Cinnabon LLC, McAlister's Corporation (now known as McAlister's LLC), and Moe's Franchisor LLC (collectively, the "**Former Focus Franchisors**"). Prior to October 2018, the franchisor of the Jamba system was Jamba Juice

Company (now known as Jamba Juice LLC) ("**JJ**"). All seven franchisors in the Focus Brands Portfolio have a principal place of business at 5620 Glenridge Drive NE, Atlanta, GA 30342 and have not offered franchises in any other line of business.

Auntie Anne's franchises Auntie Anne's® shops that offer soft pretzels, lemonade, frozen drinks and related foods and beverages. In November 2010, the Auntie Anne's system became affiliated with Focus Brands through an acquisition. Auntie Anne's has offered franchises since April 2017, and its predecessor offered franchises from January 1991 to April 2017. As of December 31, 2022, there were 1,135 franchised shops and 11 affiliate-owned shops in the United States and 775 franchised shops operating outside the United States.

Carvel franchises Carvel® ice cream shoppes and is a leading retailer of branded ice cream cakes and producer of premium soft-serve ice cream. The Carvel system became an affiliated program in October 2001. Carvel has offered franchises since April 2017, and its predecessors offered franchises from 1947 to April 2017. As of December 31, 2022, there were 326 domestic retail shoppes (including one shoppe co-branded in a Schlotzsky's restaurant operated by our affiliate), 30 international retail shoppes, and two foodservice locations operated by independent third parties that offer Carvel® ice cream and frozen desserts including cakes and ice cream novelties.

Cinnabon franchises Cinnabon® bakeries that feature oven-hot cinnamon rolls, as well as other baked treats and specialty beverages. It also licenses third parties to operate Seattle's Best Coffee® franchises on military bases in the United States and in certain international countries. In November 2004, the Cinnabon system became affiliated with Focus Brands through an acquisition. Cinnabon has offered Cinnabon® franchises since April 2017, and its predecessor offered franchises from 1990 to April 2017. As of December 31, 2022, there were 950 franchised Cinnabon® bakeries in the United States, 918 franchised Cinnabon® bakeries outside the United States, and 178 franchised Seattle's Best Coffee® units outside the United States.

Jamba franchises Jamba® stores that feature a wide variety of fresh blended-to-order smoothies and other cold or hot beverages and offer fresh squeezed juices and portable food items to customers who come for snacks and light meals. In September 2018 Jamba's predecessor, JJ, became affiliated with Focus Brands through an acquisition. Jamba has offered Jamba® franchises since October 2018, and its predecessor offered franchises from 1991 to October 2018. As of December 31, 2022, there were 735 franchised Jamba® stores in the United States, 54 franchised stores outside the United States, and three affiliate-owned stores in the United States.

McAlister's franchises McAlister's Deli® restaurants that feature deli foods, including hot and cold deli sandwiches, baked potatoes, salads, soups, desserts, iced tea and other food and beverage products. McAlister's system became an Affiliated Program (as defined below) through an acquisition in July 2005, and the McAlister's system became affiliated with Focus Brands in October 2013. McAlister's has offered franchises since April 2017, and its predecessor offered franchises from 1999 to April 2017. As of December 31, 2022, there were 492 franchised McAlister's® restaurants and 32 affiliate-owned restaurants in the United States.

Moe's franchises Moe's Southwest Grill® fast casual restaurants that feature fresh-mex and southwestern food. In August 2007, the Moe's system became affiliated with Focus Brands through an acquisition. Moe's has offered franchises since April 2017, and its predecessors offered franchises from 2001 to April 2017. As of December 31, 2022, there were 636 franchised Moe's Southwest Grill® restaurants in the United States, one franchised restaurant outside the United States, and one affiliate-owned restaurant in the United States.

Other Affiliates with Franchise Programs

Through control with private equity funds managed by Roark Capital Management, LLC, an Atlanta-based private equity firm, we are affiliated with the following franchise programs (**"Affiliated Programs**"). None of these affiliates operate a Schlotzsky's franchise.

Inspire Brands ("**Inspire Brands**") is a global multi-brand restaurant company, launched in February 2018 upon completion of the merger of the Arby's and Buffalo Wild Wings brands. Inspire Brands is a parent company to seven franchisors offering and selling franchises in the United States, including: Arby's Franchisor, LLC ("**Arby's**"), Baskin-Robbins Franchising LLC ("**Baskin-Robbins**"), Buffalo Wild Wings International, Inc. ("**Buffalo Wild Wings**"), Dunkin' Donuts Franchising LLC ("**Dunkin'**"), Jimmy John's Franchisor SPV, LLC ("**Jimmy John's**"), Rusty Taco, Inc. ("**Rusty Taco**"), and Sonic Franchising LLC ("**Sonic**"). Inspire Brands is also a parent company to the following franchisors offering and selling franchises internationally: Inspire International, Inc. ("**Inspire International**"), DB Canadian Franchising ULC ("**DB Canada**"), DDBR International LLC ("**DB China**"), DD Brasil Franchising Ltda. ("**DB Brasil**"), DB Mexican Franchising LLC ("**DB Mexico**"), and BR UK Franchising LLC ("**BR UK**"). All of Inspire Brands' franchisors have a principal place of business at Three Glenlake Parkway NE, Atlanta, Georgia 30328 and, other than as described below for Arby's, have not offered franchises in any other line of business.

Arby's is a franchisor of quick-serve restaurants operating under the Arby's® trade name and business system that feature slow-roasted, freshly sliced roasted beef and other deli-style sandwiches. In July 2011, Arby's became an Affiliated Program through an acquisition. Arby's has been franchising since 1965. As of January 1, 2023, there were approximately 3,415 Arby's restaurants operating in the United States (2,305 franchised and 1,110 company-owned), and 174 franchised Arby's restaurants operating internationally. Predecessors and former affiliates of Arby's have, in the past, offered franchises for other restaurant concepts including T.J. Cinnamons® stores that served gourmet baked goods. All of the T.J. Cinnamons locations have closed.

Buffalo Wild Wings is a franchisor of sports entertainment-oriented casual sports bars that feature chicken wings, sandwiches, and other products, alcoholic and other beverages, and related services under Buffalo Wild Wings® name ("**Buffalo Wild Wings Sports Bars**") and restaurants that feature chicken wings and other food and beverage products primarily for off-premises consumption under the Buffalo Wild Wings GO name ("**BWW-GO Restaurants**"). Buffalo Wild Wings has offered franchises for Buffalo Wild Wings Sports Bars since April 1991 and for BWW-GO Restaurants since December 2020. As of January 1, 2023, there were 1,189 Buffalo Wild Wings Sports Bars operating in the United States (530 franchised and 659 company-owned) and 75 Buffalo Wild Wings or B-Dubs restaurants operating outside the United States (63 franchised and 12 company-owned). As of January 1, 2023, there were 41 BWW-GO Restaurants operating in the United States (4 franchised and 37 company-owned).

Sonic is the franchisor of Sonic Drive-In® restaurants, which serve hot dogs, hamburgers and other sandwiches, tater tots and other sides, a full breakfast menu and frozen treats and other drinks. Sonic became an Affiliated Program through an acquisition in December 2018. Sonic has offered franchises for Sonic restaurants since May 2011. As of January 1, 2023, there were 3,546 Sonic Drive-Ins (3,221 franchised and 325 company-owned) in operation.

Jimmy John's is a franchisor of restaurants operating under the Jimmy John's® trade name and business system that feature high-quality deli sandwiches, fresh baked breads, and other

food and beverage products. Jimmy John's became an Affiliated Program through an acquisition in October 2016 and became part of Inspire Brands by merger in 2019. Jimmy John's and its predecessor have been franchising since 1993 and, as of January 1, 2023, had 2,637 restaurants operating in the United States (2,597 franchised and 40 affiliate-owned).

Dunkin' is a franchisor of Dunkin'® restaurants that offer doughnuts, coffee, espresso, breakfast sandwiches, bagels, muffins, compatible bakery products, croissants, snacks, sandwiches and beverages. Dunkin' became an Affiliated Program through an acquisition in December 2020. Dunkin' has offered franchises in the United States and certain international markets for Dunkin' restaurants since March 2006. As of January 1, 2023, there were 8,087 single-branded franchised Dunkin' restaurants operating in the United States and an additional 3,872 operating in 37 countries.

Baskin-Robbins franchises Baskin-Robbins® restaurants that offer ice cream, ice cream cakes and related frozen products, beverages and other products and services. Baskin-Robbins became an Affiliated Program through an acquisition in December 2020. Baskin-Robbins has offered franchises in the United States and certain international markets for Baskin-Robbins restaurants since March 2006. As of January 1, 2023, there were 1,001 single-branded franchised Baskin-Robbins restaurants in the United States and an additional 5,349 operating internationally in 37 countries and Puerto Rico. As of January 1, 2023, there were 1,252 Dunkin' and Baskin-Robbins combo restaurants in the United States.

Inspire International has, directly or through its predecessors, offered and sold franchises for the following brands: Arby's restaurants (since May 2016), Buffalo Wild Wings sports bars (since October 2019), Jimmy John's restaurants (since November 2022), and Sonic restaurants outside the United States (since November 2019). **DB Canada** was formed in May 2006 and has, directly or through its predecessors, offered and sold Baskin-Robbins franchises in Canada since January 1972. **DB China** has offered and sold Baskin-Robbins franchises in China since its formation in March 2006. **DB Brasil** has offered and sold Dunkin' and Baskin-Robbins franchises in Brazil since its formation in May 2014. **DB Mexico** has offered and sold Dunkin' franchises in Mexico since its formation in October 2006. **BR UK** has offered and sold Baskin-Robbins franchises in the UK since its formation in December 2014. The restaurants franchised by the international franchisors are included in the brand-specific disclosures above.

Primrose School Franchising SPE, LLC (**"Primrose"**) is a franchisor that offers franchises for the establishment, development and operation of educational childcare facilities serving families with children from 6 weeks to 12 years old operating under the Primrose® name. Primrose's principal place of business is 3200 Windy Hill Road SE, Suite 1200E, Atlanta GA 30339. Primrose became an Affiliated Program through an acquisition in June 2008. Primrose and its affiliates have been franchising since 1988 and as of December 31, 2022, had 483 franchised facilities. Primrose has not offered franchises in any other line of business.

ME SPE Franchising, LLC (**"Massage Envy"**) is a franchisor of businesses that offers professional therapeutic massage services, facial services and related goods and services under the name "Massage Envy®" since 2019. Massage Envy's principal place of business is 14350 North 87th Street, Suite 200, Scottsdale, Arizona 85260. Massage Envy's predecessor began operation in 2003, commenced franchising in 2010, and became an Affiliated Program through an acquisition in 2012. As of December 31, 2022, there were 1,083 Massage Envy locations operating in the United States, including 1073 operated as total body care Massage Envy businesses and 10 operated as traditional Massage Envy businesses. Additionally, Massage

Envy's predecessor previously sold franchises for regional developers, who acquired a license for a defined region in which they were required to open and operate a designated number of Massage Envy locations either by themselves or through franchisees that they would solicit. As of December 31, 2022, there were 10 regional developers operating 12 regions in the United States. Massage Envy has not offered franchises in any other line of business.

CKE Inc. (**"CKE"**), through two indirect wholly-owned subsidiaries (Carl's Jr. Restaurants LLC and Hardee's Restaurants LLC), owns, operates and franchises quick serve restaurants operating under the Carl's Jr.® and Hardee's ® trade names and business systems. Carl's Jr. restaurants and Hardee's restaurants offer a limited menu of breakfast, lunch and dinner products featuring charbroiled 100% Black Angus Thickburger® sandwiches, Hand-Breaded Chicken Tenders, Made from Scratch Biscuits and other related quick serve menu items. A small number of Hardee's Restaurants offer Green Burrito® Mexican food products through a Dual Concept Restaurant. A small number of Carl's Jr. Restaurants offer Red Burrito® Mexican food products through a Dual Concept Restaurant. CKE Inc.'s principal place of business is 6700 Tower Circle, Suite 1000, Franklin, Tennessee. In December 2013, CKE Inc. became an Affiliated Program through an acquisition. Hardee's restaurants have been franchised since 1961. As of January 30, 2023, there were 195 company-operated Hardee's restaurants, including 4 Hardee's/Red Burrito Dual Concept restaurants, and there were 1,512 domestic franchised Hardee's restaurants, including 146 Hardee's/Red Burrito Dual Concept restaurants. Additionally, there were 429 franchised Hardee's restaurants operating outside the United States. Carl's Jr. restaurants have been franchised since 1984. As of January 30, 2023, there were 48 company-operated Carl's Jr. restaurants, and there were 1,020 domestic franchised Carl's Jr. restaurants, including 266 Carl's Jr./Green Burrito Dual Concept restaurants. In addition, there were 620 franchised Carl's Jr. restaurants operating outside the United States. Neither CKE nor its subsidiaries that operate the above-described franchise systems have offered franchises in any other line of business.

Driven Holdings, LLC ("**Driven Holdings**") is the indirect parent company to 10 franchisors, including Meineke Franchisor SPV LLC ("**Meineke**"), Maaco Franchisor SPV LLC ("**Maaco**"), Drive N Style Franchisor SPV LLC ("**DNS**"), Merlin Franchisor SPV LLC ("**Merlin**"), Econo Lube Franchisor SPV LLC ("**Econo Lube**"), 1-800-Radiator Franchisor SPV LLC ("**1-800-Radiator**"), CARSTAR Franchisor SPV LLC ("**CARSTAR**"), Take 5 Franchisor SPV LLC ("**Take 5**"), ABRA Franchisor SPV LLC ("**ABRA**") and FUSA Franchisor SPV LLC ("**FUSA**"). In April 2015, Driven Holdings and its franchised brands at the time (Meineke, Maaco, DNS, Merlin and Econo Lube) became Affiliated Programs through an acquisition. Subsequently, through acquisitions in June 2015, October 2015, March 2016, September 2019, and April 2020, respectively, the 1-800-Radiator, CARSTAR, Take 5, ABRA and FUSA brands became Affiliated Programs. The principal business address of Meineke, Maaco, DNS, Econo Lube, Merlin, CARSTAR, Take 5, ABRA and FUSA is 440 South Church Street, Suite 700, Charlotte, North Carolina 28202. 1-800-Radiator's principal business address is 4401 Park Road, Benicia, California 94510. All 10 franchisors have not offered franchises in any other line of business.

Meineke franchises automotive centers which offer to the general public automotive repair and maintenance services that it authorizes periodically. These services currently include repair and replacement of exhaust system components, brake system components, steering and suspension components (including alignment), belts (V and serpentine), cooling system service, CV joints and boots, wiper blades, universal joints, lift supports, motor and transmission mounts, trailer hitches, air conditioning, state inspections, tire sales, tune ups and related services, transmission fluid changes and batteries. Meineke and its predecessors have offered Meineke center franchises since September 1972, and Meineke's affiliate has owned and operated Meineke centers on and off since March 1991. As of December 31,

2022, there were 703 Meineke centers, 22 Meineke centers co-branded with Econo Lube, and no company-owned Meineke centers or company-owned Meineke centers co-branded with Econo Lube operating in the United States.

Maaco and its predecessors have offered Maaco center franchises since February 1972 providing automotive collision and paint refinishing. As of December 31, 2022, there were 397 franchised Maaco centers and no company-owned Maaco centers in the United States.

DNS is the franchisor of 3 franchise systems: Drive N Style® franchises, AutoQual® franchises and Aero Colours® franchises. DNS and its predecessors have offered Drive N Style franchises since October 2006. A Drive N Style business offers both interior and exterior reconditioning and maintenance services, exterior paint repair and refinishing services and interior and exterior protection services for consumer vehicles. As of December 31, 2022, there were 30 Drive N Style franchises and no company-owned Drive N Style businesses in the United States. DNS and its predecessors have offered AutoQual franchises since February 2008. AutoQual businesses offer various services relating to the interior of automotive vehicles, including, among other things, cleaning, deodorizing, dyeing, and masking of carpets, seats, and trim. As of December 31, 2022, there were 5 AutoQual franchises and no company-owned AutoQual businesses in the United States. DNS and its predecessors have offered Aero Colours franchises since 1998. Aero Colours businesses offer various services related to the exterior of automotive vehicles, including paint touch-up, repair and refinishing that is performed primarily on cars at automobile dealerships or at the customer's home or place of business. As of December 31, 2022, there was 1 Aero Colours franchise and no company-owned Aero Colours businesses in the United States.

Merlin franchises shops which provide automotive repair services specializing in vehicle longevity, including the repair and replacement of automotive exhaust, brake parts, ride and steering control system and tires. Merlin and its predecessors offered franchises from July 1990 to February 2006 under the name "Merlin Muffler and Brake Shops," and have offered franchises under the name "Merlin Shops" since February 2006. As of December 31, 2022, there were 24 Merlin franchises and no company-owned Merlin shops located in the United States.

Econo Lube offers franchises that provide oil change services and other automotive services including brakes, but not including exhaust systems. Econo Lube's predecessor began offering franchises in 1980 under the name "Muffler Crafters" and began offering franchises under the name "Econo Lube N' Tune" in 1985. As of December 31, 2022, there were 10 Econo Lube N' Tune franchises and 12 Econo Lube N' Tune franchises co-branded with Meineke centers in the United States, which are predominately in the western part of the United States, including California, Arizona, and Texas, and no company-owned Econo Lube N' Tune locations in the United States.

1-800-Radiator franchises distribution warehouses selling radiators, condensers, air conditioning compressors, fan assemblies and other automotive parts to automotive shops, chain accounts and retail consumers. 1-800-Radiator and its predecessor have offered 1-800-Radiator franchises since 2004. As of December 31, 2022, there were 196 1-800-Radiator franchises in operation in the United States. 1-800-Radiator's affiliate has owned and operated 1-800-Radiator warehouses since 2001 and, as of December 31, 2022, owned and operated 1 1-800-Radiator warehouse in the United States.

CARSTAR offers franchises for full-service automobile collision repair facilities providing repair and repainting services for automobiles and trucks that suffered damage in collisions. CARSTAR's business model focuses on insurance-related collision repair work arising out of relationships it has established with insurance company providers. CARSTAR and its affiliates first offered conversion franchises to existing automobile collision repair facilities in August 1989 and began offering franchises for new automobile repair facilities in October 1995. As of December 31, 2022, there were 445 franchised CARSTAR facilities and no company-owned facilities operating in the United States.

Take 5 franchises motor vehicle centers that offer quick service, customer-oriented oil changes, lubrication and related motor vehicle services and products. Take 5 commenced offering franchises in March 2017, although the Take 5 concept started in 1984 in Metairie, Louisiana. As of December 31, 2022, there were 228 franchised Take 5 outlets operating in the United States. An affiliate of Take 5 currently operates approximately 575 Take 5 outlets and outlets that operate under other brands, many of which may be converted to the Take 5 brand and operating platform in the future.

ABRA franchises repair and refinishing centers that offer high quality auto body repair and refinishing and auto glass repair and replacement services at competitive prices. ABRA and its predecessor have offered ABRA franchises since 1987. As of December 31, 2022, there were 58 franchised ABRA repair centers and no company-owned repair centers operating in the United States.

FUSA franchises collision repair shops specializing in auto body repair work and after-collision services. FUSA has offered Fix Auto shop franchises since July 2020, although its predecessors have offered franchise and license arrangements for Fix Auto shops on and off from April 1998 to June 2020. As of December 31, 2022, there were 180 franchised Fix Auto repair shops operating in the United States, 9 of which are operated by FUSA's affiliate pursuant to a franchise agreement with FUSA.

Driven Holdings is also the indirect parent company to the following franchisors that offer franchises in Canada: (1) **Meineke Canada SPV LP** and its predecessors have offered Meineke center franchises in Canada since August 2004; (2) **Maaco Canada SPV LP** and its predecessors have offered Maaco center franchises in Canada since 1983; (3) **1-800-Radiator Canada, Co.** has offered 1-800-Radiator warehouse franchises in Canada since April 2007; (4) **Carstar Canada SPV LP** and its predecessors have offered CARSTAR franchises in Canada since September 2000; (5) **Take 5 Canada SPV LP** and its predecessor have offered Take 5 franchises in Canada since November 2019; (6) **Driven Brands Canada Funding Corporation** and its predecessors have offered UniglassPlus and Uniglass Express franchises in Canada since 1985 and 2015, respectively, Vitro Plus and Vitro Express franchises in Canada since 2002, and Docteur du Pare Brise franchises in Canada since 1998; (7) **Go Glass Franchisor SPV LP** and its predecessors have offered Go! Glass & Accessories franchises since 2006 and Go! Glass franchises since 2017 in Canada; and (8) **Star Auto Glass Franchisor SPV LP** and its predecessors have offered Star Auto Glass franchises in Canada since approximately 2012. These franchisors have not offered franchises in any other line of business.

As of December 31, 2022, there were: (i) 25 franchised Meineke centers and no company-owned Meineke centers in Canada; (ii) 21 franchised Maaco centers and no company-owned Maaco centers in Canada; (iii) 8 1-800-Radiator franchises and no company-owned 1-800-Radiator locations in Canada; (iv) 319 franchised CARSTAR facilities and no company-owned

CARSTAR facilities in Canada; (v) 30 franchised Take 5 outlets and 7 company-owned Take 5 outlets in Canada; (vi) 38 franchised UniglassPlus businesses, 31 franchised UniglassPlus/Ziebart businesses, and no franchised Uniglass Express businesses in Canada, and 4 company-owned UniglassPlus businesses and 1 company-owned UniglassPlus/Ziebart business in Canada; (vii) 7 franchised VitroPlus businesses, 62 franchised VitroPlus/Ziebart businesses, and 4 franchised Vitro Express businesses in Canada, and 4 company-owned VitroPlus businesses and no company-owned VitroPlus/Ziebart businesses in Canada; (viii) 33 franchised Docteur du Pare Brise businesses and no company-owned Docteur du Pare Brise businesses in Canada; (ix) 10 franchised Go! Glass & Accessories businesses and 1 franchised Go! Glass business in Canada, and 8 company-owned Go! Glass & Accessories businesses and no company-owned Go! Glass businesses in Canada; and (x) 8 franchised Star Auto Glass businesses and no company-owned Star Auto Glass businesses in Canada.

ServiceMaster Systems LLC is the direct parent company to five franchisors operating in the United States: Merry Maids SPE LLC ("**Merry Maids**"), ServiceMaster Clean/Restore SPE LLC ("**ServiceMaster**") and Two Men and a Truck SPE LLC ("**Two Men and a Truck**"). AmeriSpec, Furniture Medic, Merry Maids, and ServiceMaster became Affiliated Programs through an acquisition in December 2020. Two Men and a Truck became an Affiliated Program through an acquisition on August 3, 2021.The three franchisors have a principal place of business at One Glenlake Parkway, Suite 1400, Atlanta, Georgia 30328 and have never offered franchises in any other line of business.

Merry Maids franchises residential house cleaning businesses under the Merry Maids® mark. Merry Maids' predecessor began business and started offering franchises in 1980. As of December 31, 2022, Merry Maids had 967 franchises in the United States.

ServiceMaster franchises (i) businesses that provide disaster restoration and heavy-duty cleaning services to residential and commercial customers under the ServiceMaster Restore® mark and (ii) businesses that provide contracted janitorial services and other cleaning and maintenance services under the ServiceMaster Clean® mark. ServiceMaster's predecessor began offering franchises in 1952. As of December 31, 2022, ServiceMaster had operating in the United States 671 ServiceMaster Clean franchises and 2,157 ServiceMaster Restore franchises operating in the United States.

Two Men and a Truck franchises (i) businesses that provide moving services and related products and services, including packing, unpacking and the sale of boxes and packing materials under the Two Men and a Truck® mark and (ii) businesses that provide junk removal services under the Two Men and a Junk Truck™ mark. Two Men and a Truck's predecessor began offering moving franchises in February 1989. Two Men and a Truck began offering Two Men and a Junk Truck franchises in 2023. As of December 31, 2022, there were 293 Two Men and a Truck franchises and three company-owned locations operating in the United States. As of December 31, 2022, there were not any Two Men and a Junk Truck franchises or company-owned locations in operation.

Affiliates of ServiceMaster Systems LLC also offer franchises for operation outside the United States. Specifically, **ServiceMaster of Canada Limited** offers franchises in Canada, **ServiceMaster Limited** offers franchises in Great Britain and **Two Men and a Truck** offers franchises in Canada, Ireland and the United States.

NBC Franchisor LLC ("**NBC**") franchises gourmet bakeries which offer and sell specialty bundt cakes, other food items and retail merchandise under the Nothing Bundt Cakes® mark. NBC's

predecessor began offering franchises in May 2006. NBC became an Affiliated Program through an acquisition in May 2021. NBC has a principal place of business at 4560 Belt Line Road, Suite 350, Addison, Texas 75001. As of December 31, 2022, there were 409 Northing Bundt Cake franchises and 16 company-owned locations operating in the United States. NBC has never offered franchises in any other line of business.

Mathnasium Center Licensing, LLC (**"Mathnasium"**) franchises learning centers that provide math instruction using the Mathnasium® system of learning. Mathnasium began offering franchises in late 2003. Mathnasium became an Affiliated Program through an acquisition in November 2021. Mathnasium has a principal place of business at 5120 West Goldleaf Circle, Suite 400, Los Angeles, California 90056. As of December 31, 2021, there were 948 Mathnasium franchises in the United States and its parent company operated three Mathnasium centers in the United States. Mathnasium has never offered franchises in any other line of business. Affiliates of Mathnasium Center Licensing, LLC also offer franchises for operation outside the United States.

Mathnasium Center Licensing Canada, Inc. has offered franchises for Mathnasium centers in Canada since May 2014. As of December 31, 2022, there were 87 franchised Mathnasium centers in Canada. **Mathnasium International Franchising, LLC** has offered franchises outside the United States and Canada since May 2015. As of December 31, 2021, there were 65 franchised Mathnasium centers outside the United States and Canada. Mathnasium Center Licensing, LLC, Mathnasium Center Licensing Canada, Inc. and Mathnasium International Franchising, LLC have a principal place of business at 5120 West Goldleaf Circle, Suite 400, Los Angeles, California 90056 and none of them has ever offered franchises in any other line of business.

i9 Sports, LLC (**"i9"**) franchises businesses that operate, market, sell and provide amateur sports leagues, camps, tournaments, clinics, training, development, social activities, special events, products and related services under the i9 Sports® mark. i9 began offering franchises in November 2003. i9 became an Affiliated Program through an acquisition in September 2021. i9 has a principal place of business at 9410 Camden Field Parkway, Riverview, Florida 33578. As of December 31, 2022, there were 218 i9 Sports franchises and one company-owned location. i9 has never offered franchises in any other line of business.

SafeSplash Brands, LLC (also known as "**Streamline Brands**") offers franchises under the SafeSplash Swim School® brand and operates under the SwimLabs® and Swimtastic® brands, all of which provide "learn to swim" programs for children and adults, birthday parties, summer camps, other swimming-related activities. Streamline Brands has offered swim school franchises under the SafeSplash Swim School brand since August 2014. Streamline Brands offered franchises under the Swimtastic brand since August 2015 through March 2023 and under the SwimLabs brand from February 2017 through March 2023. Streamline Brands became an Affiliated Program through an acquisition in June 2022 and has a principal place of business at 12240 Lioness Way, Parker, Colorado 80134. As of December 31, 2022, there were 110 franchised and company-owned SafeSplash Swim School outlets (included 12 outlets that are dual-branded with SwimLabs), 11 franchised and licensed SwimLabs swim schools, 11 franchised Swimtastic swim schools and one dual-branded Swimtastic and SwimLabs swim school operating in the United States. Streamline Brands has never offered franchises in any other line of business.

None of the affiliated franchisors are obligated to provide products or services to you; however, you may purchase products or services from these franchisors if you choose to do so.

Except as described above, we have no other parents, predecessors or affiliates that must be included in this Item.

Franchise Offering and Agreements

Our Restaurants are fast casual restaurants featuring limited table service of premium sandwiches of blended flavors typically served hot on various flavors of our proprietary breads and other breads, pizzas, calzones, soups and salads and beverages, which may include alcoholic beverages. We offer to qualified individuals or business entities a franchise arrangement for a Restaurant. As our franchisee, you will conduct business under the service mark "Schlotzsky's®" and any other identifying marks and symbols that we use now, or that we later develop (the "**Proprietary Marks**" or "**Marks**"), and use our unique system for the establishment, development and operation of a Restaurant (the "**System**").

The System includes our distinctive exterior and interior layouts, designs, and color schemes; our distinctive signage, decorations, furnishings and materials; our selection of approved products that you may offer and sell (the "**Approved Products**"); our proprietary recipes and formulae (**"Recipes"**) used to create our proprietary flavorings or ingredients (**"Proprietary Ingredients"**) and/or our proprietary Approved Products (the **"Proprietary Products"**); our distinctive techniques for packaging, displaying, and merchandising Approved Products; our advertising and marketing programs and materials; our selection of, and relationships with, suppliers, service providers, manufacturers, distributors, and/or consolidators (collectively, **"Suppliers"**) that we have expressly designated or approved (**"Approved Suppliers"**); our methods of operating a food-related business; our operations and administrative systems; our training programs; our software, apps, and technology systems; our methods and techniques for inventory and cost controls, recordkeeping, and reporting; our customer service standards; and any guidelines, standards, specifications, rules, procedures, policies, methods, requirements, and directives we establish, including our standards and specifications as to Recipes, ingredients, food and beverage preparation, food storage, Suppliers, interior and exterior design and décor, sanitation, maintenance, and equipment (the **"Standards"**) set out in our confidential operations manuals (the **"Manuals"**) and otherwise in writing. We may change, improve, add to, and further develop the elements of the System from time to time.

The preferred locations for Restaurants are endcap locations with a drive-thru, freestanding locations with a drive-thru, and non-traditional locations with a captive audience (e.g., convenience stores, college campuses, airports). Inline locations are not preferred but may be permitted depending on various factors related to the proposed location. We have developed a series of distinct Restaurants designs, plans and specifications that typically may range from 1,000 to 3,600 square feet. These plans and specifications, or parts of them, may be adapted for use in other types of Restaurants, including smaller Restaurants or larger freestanding Restaurants.

The form of Franchise Agreement we currently offer is the Franchise Agreement attached as Exhibit B to this Disclosure Document (the "**Franchise Agreement**"). The various forms of agreement we or our predecessors and the Predecessor have used in the past may have terms different from the current form. We reserve the right to change the form and terms of the Franchise Agreement in the future.

If you sign a Franchise Agreement and you do not yet have a location for your Restaurant that is accepted by us ("**Accepted Location**"), your Franchise Agreement will identify a venue or trade area that we negotiate with you in which you must locate an Accepted Location.

You must identify an individual, who is reasonably acceptable to us, to serve as your "**Primary Contact.**" The Primary Contact must: (i) directly supervise the operations of the Restaurant and any other Restaurants operated by you; (ii) hold a direct or indirect legal or beneficial interest of 5% or more in your Entity (or holds an interest in your Entity with an agreement to increase the interest to 5%); and (iii) be accepted by us. The Primary Contact will be empowered with the responsibility and decision-making authority regarding the Restaurant and its operation, and we will have the right to rely upon the Primary Contact for such purposes.

In addition, you must appoint two full-time managers (each a "**Manager**") of your Restaurant. All of your Managers must successfully complete our initial management training program (the "**Management Training Program**") to our satisfaction. We may, in our sole discretion, permit your Primary Contact to serve as a Manager for the Restaurant, provided that it is their full-time job, they otherwise qualify for the position, and they successfully complete the Management Training Program. If you and your affiliates operate four or more Restaurants, in addition to your Managers for each Restaurant that you operate, we may require you to appoint one or more Managers with the responsibility of supervising and supporting multiple Restaurants (each, a **"Director of Operations"**).

We may, in our sole discretion, offer you the opportunity to enter into multiple franchise agreements at the same time, which will be accompanied by a Multi-Unit Addendum to the Franchise Agreement (the "**Multi-Unit Addendum**") (the current form of which is attached as Schedule E to the Franchise Agreement that is attached as Exhibit B to this Disclosure Document). If you do not sign a Multi-Unit Addendum, you will have no rights to develop or operate more than one Restaurant.

As part of our application process, you must complete an application and successfully pass a financial credit check. You may also be asked to successfully complete a test of basic competency in the English language, an operations interview, and a criminal background check.

Cinnabon® Express Bakeries in a Schlotzsky's Restaurant

Cinnabon offers franchises for Cinnabon® bakeries located in non-traditional venues ("**Cinnabon Express Bakeries**"). Cinnabon Express Bakeries produce and offer a limited selection of fresh baked cinnamon rolls and related products. We require your Restaurant to have a Cinnabon Express Bakery as a condition of entering into a Franchise Agreement with us. For endcap, inline, and larger freestanding Restaurants, in rare instances (e.g., certain non-traditional locations), we may waive the requirement that your Restaurant have a Cinnabon Express Bakery, and any such waiver will be granted only at the time the Franchise Agreement is signed by you and us. If we do not require you to have a Cinnabon Express Bakery, we may require you to offer Cinnabon-branded menu items.

Cinnabon Express Bakeries are offered by Cinnabon through Cinnabon's Franchise Disclosure Document (the "**Cinnabon Disclosure Document**"). We will have Cinnabon provide you with a Cinnabon Disclosure Document. Cinnabon will only offer you a franchise for a Cinnabon Express Bakery if Cinnabon obtains any necessary franchise registration or exemptions to offer and sell franchises. You will have to sign a franchise agreement with Cinnabon to operate a Cinnabon Express Bakery.

You should refer to the Cinnabon Disclosure Document for all information related to the Cinnabon Express Bakeries franchise program (including information related to the initial investment and

agreements that you must sign). Sales made from your Cinnabon Express Bakery will be included in Net Sales of your Restaurant.

Franchisee/Industry Contact Lead Referral Program

We may pay a referral fee of $5,000 to the first of our franchisees or real estate brokers that introduces a new prospective franchisee to us, if we approve the new prospect and we and the prospect sign a Franchise Agreement within six months after the referral is made and the prospective franchisee pays us the full Initial Franchise Fee (as defined in Item 5). If we pay the referral fee, we will do so after the referred prospective franchisee's Franchise Agreement is fully signed and the Initial Franchise Fee is fully paid. A prospective franchisee will not be considered new if the prospective franchisee (including any of the individual owners if the prospective franchisee is an entity) has signed a franchise agreement with any other brands in the Focus Brands Portfolio, and the $5,000 referral fee will only be paid once in connection with the first franchise agreement signed with a brand in the Focus Brands Portfolio. You must be in full compliance with all Franchise Agreements between you and us in order to receive a referral fee. We reserve the right to terminate, cancel, or modify such referral program at any time.

Competition and the Market

Schlotzsky's Restaurants are marketed and operated to appeal to all age groups. The market for restaurant services is extremely well-established. You will be in competition with a variety of fast food and quick service restaurants, casual full-service restaurants, delicatessens, pizza restaurants, and other food service businesses (including both local businesses and local, regional, and national chains, some of which may have more locations or longer operating histories than our Restaurants) offering similar food and beverage products for on-premises consumption, delivery, and carry-out. The market for deli foods and the other food and beverage products offered at Restaurants is well-developed and very competitive.

Moreover, the restaurant business is highly competitive with respect to concept, price, location, food quality, and service. The business is often affected by economic and real estate conditions, political conditions, consumer tastes, population changes, the cost and availability of products and qualified labor, and traffic patterns. There also is significant competition for suitable commercial real estate sites and personnel, including management personnel.

You may also compete with the distribution and sale of Schlotzsky's® branded products through other outlets and sales channels. We may sell, or license affiliates or third parties to sell, Schlotzsky's® branded products (including products that you are likely to sell in your Restaurant) (i) at wholesale to restaurants and retail stores (including grocery stores, convenience stores, club stores, and other outlets) that may be located anywhere, (ii) through non-traditional outlets, (iii) through mail order and Internet sales, (iv) through Delivery Kitchens (as defined in Item 12), or (v) through other company-owned or franchised Restaurants. You will not be entitled to additional rights or compensation in any of these cases. See Item 12 for details regarding our reserved rights.

Government Regulation and Certain Factors Affecting the Restaurant Industry

You must comply with all federal, state, and local laws and regulations applicable to businesses generally, including, without limitation, laws and regulations related to workers' compensation, occupational health and safety, minimum wage, overtime, working conditions, discrimination, sexual harassment, tax, environmental protection, citizenship and/or immigration status (including

laws requiring verification of status through the Department of Homeland Security's E-Verify program), and reasonable accommodations for employees and customers with disabilities (including the Americans with Disabilities Act).

You must ensure that your computerized point-of-sale system (the "**POS System**") or your credit card processing terminals (whichever are responsible for processing credit card transactions) are in compliance with the most current Payment Card Industry Data Security Standards ("**PCI-DSS**"). You also must comply with all applicable federal and state laws and regulations relating to the collection, use, and security of personal information and comply with any privacy policies or data protection and breach response policies we periodically may establish.

Various federal agencies, including the U.S. Food and Drug Administration and the U.S. Department of Agriculture, and state and local health and sanitation agencies have regulations for the preparation of food and the condition of restaurants and food service facilities. You must comply with all federal, state, and local laws and regulations applicable to restaurants and food service facilities, including, without limitation, licensing, health, sanitation, menu labeling, food preparation and packaging, smoking, safety, fire, and other matters. Some jurisdictions may require franchisees to obtain restaurant, business, occupational, food products, health, and miscellaneous licenses.

The Clean Air Act and state implementing laws also may require certain geographic areas to attain and maintain certain air quality standards for ozone, carbon monoxide and particulate matters. As a result, businesses involved in commercial food preparation may be subject to caps on emissions.

We do not assume any responsibility for advising you on these regulatory or legal matters. You should consult with your attorney about federal, state, and local laws and regulations that may affect your Restaurant. Compliance with these laws and regulations, as they may be amended from time to time, can increase your operational costs and affect your bottom line.

ITEM 2

BUSINESS EXPERIENCE

James (Jim) E. Holthouser: Chief Executive Officer

Jim has been our Chief Executive Officer since February 2020. Since February 2020, Jim has also served as (i) President of Focus Systems, (ii) Chief Executive Officer of Focus Brands, JJ, each of the Former Focus Franchisors, and each of the other Focus Brands Portfolio companies, and (iii) a member of the Board of Managers for Focus Brands, JJ, and each of the Former Focus Franchisors. From February 2018 to January 2020, Jim was the owner of Madison County Multiplex, LLC in Stanford, Kentucky. Jim serves in his present capacities in Atlanta, Georgia.

Michael (Mike) J. Dixon: Chief Financial Officer, Treasurer and Assistant Secretary

Mike has been our Chief Financial Officer, Treasurer and Assistant Secretary since March 2017. Mike has been Chief Financial Officer, Treasurer and Assistant Secretary for (i) SFL, Focus Brands, and each of the other Former Focus Franchisors since March 2016, (ii) Focus Systems and the other Focus Brands Portfolio companies (except Jamba) since March 2017, and (iii) Jamba and JJ since September 2018. Mike has also served as a member of the Board of

Managers or Board of Directors for Focus Brands and each of the other Former Focus Franchisors since March 2017 and for JJ since September 2018. Mike serves in his present capacities in Atlanta, Georgia.

Brian Krause: Chief Development Officer

Brian has been our Chief Development Officer since July 2020. Brian has also served in the same role for Focus Brands and SFL since July 2020. From June 2019 to June 2020, Brian was the Chief Development Officer for Jimmy John's Franchise, LLC in Champaign, Illinois. From November 2016 to May 2019, Brian was the Senior Vice President, Franchise Development for Wyndham Hotel Group in Parsippany, New Jersey. Brian serves in his present capacities in Atlanta, Georgia.

William Armstrong: Chief Brand Officer of Schlotzsky's

William has been our Chief Brand Officer since August 2022. William has also served in the same role for SFL since August 2022. From March 2021 to August 2022, William was the Senior Managing Director, International Operations for The Wendy's Company in Dublin, Ohio. From July 2018 to February 2021, William was the Vice President and General Manager, Columbus Field Office for McDonald's Corporation in Columbus, Ohio. From June 2016 to June 2018, he served as the Vice President and General Manager, Boston Region for McDonald's Corporation in Boston, Massachusetts. William serves in his present capacities in Atlanta, Georgia.

Sarah E. Powell: Executive Vice President, General Counsel, and Secretary

Sarah has been our Executive Vice President, General Counsel and Secretary since March 2017. Sarah has also served in the same roles for (i) SFL, Focus Brands, and each of the Former Focus Franchisors since January 2015, (ii) Focus Systems and the other Focus Brands Portfolio companies (except Jamba) since March 2017, and (iii) Jamba and JJ since September 2018. Sarah has also served as a member of the Board of Managers or Board of Directors for Focus Brands and each of the other Former Focus Franchisors since March 2017 and for JJ since September 2018. Sarah serves in her present capacities in Atlanta, Georgia.

Shelley Harris: Senior Vice President of Schlotzsky's and President, Restaurant Brands for Focus Brands

Shelley has served as our Senior Vice President since August 2022. Shelley has also served as (i) President, Restaurant Brands for Focus Brands since August 2022 and (ii) Senior Vice President for SFL, McAlister's, McAlister's LLC, Moe's, and Moe's Franchisor LLC since August 2022. Shelley served as the Interim Chief Brand Officer of Schlotzsky's and SFL from March 2022 to August 2022. Shelley served as Senior Vice President, Category Operations and Training, Restaurant Brands for Focus Brands from September 2020 to August 2022. Shelley was Vice President of Operations for McAlister's from April 2017 to September 2020 and for McAlister's LLC from March 2017 to September 2020. Shelley serves in her present capacities in Atlanta, Georgia.

Tim Goodman: Senior Vice President, Franchise Administration

Tim has been our Senior Vice President, Franchise Administration since February 2019. He has also served in the same role for JJ, the Former Focus Franchisors, and the Focus Brands Portfolio companies since February 2019. He served as the Vice President, Franchise Administration for

(i) us and the Focus Brands Portfolio companies (except Jamba) from March 2017 to January 2019, (ii) the Former Focus Franchisors from February 2005 to January 2019, and (iii) JJ and Jamba from September 2018 to January 2019. Tim serves in his present capacities in Atlanta, Georgia.

Mike Woodward: Senior Vice President, Franchise Sales

Mike has been our Senior Vice President, Franchise Sales since July 2022. Mike has also served in the same role for Focus Brands and each of the other Focus Brands Portfolio companies since July 2022. From January 2006 to June 2022, Mike was Senior Vice President for Wyndham Hotels & Resorts, Inc. in Parsippany, New Jersey. Mike serves in his present capacities in Atlanta, Georgia.

Jim Cannon: Senior Vice President, Design and Construction

Jim has been our Senior Vice President, Design and Construction since January 2023. Jim has also served in the same role for Focus Brands and each of the other Focus Brands Portfolio companies since January 2023. From May 2022 to December 2022, Jim was the Senior Vice President of Design and Construction at L5 Capital Partners in Atlanta, Georgia. From December 2015 to April 2022, Jim was the Senior Vice President of Design and Construction at Inspire Brands in Atlanta, Georgia. Jim serves in his present capacities in Atlanta, Georgia.

Chris Newman: Senior Vice President, Real Estate

Chris has been our Senior Vice President, Real Estate since January 2023. Chris has also served in the same role for Focus Brands and each of the other Focus Brands Portfolio companies since January 2023. From October 2020 to December 2022, Chris was the President at LSG Real Estate, Inc. in Columbia, Missouri. From January 2017 to December 2022, Chris was Director of Real Estate at Next Chapter Properties, LLC in Columbia, Missouri. Chris serves in his present capacities in Atlanta, Georgia.

Bobby Morena: Vice President, Retention and Lead Generation

Bobby has been our Vice President, Retention and Lead Generation since April 2021. Bobby has also served in the same role for Focus Brands and each of the other Focus Brands Portfolio companies since April 2021. From February 2020 to April 2021, Bobby was the Director of Franchise Development for Inspire Brands in Atlanta, Georgia. From September 2001 to February 2020, Bobby was Director of Franchise Development for Jimmy John's Franchise, LLC in Champaign, Illinois. Bobby serves in his present capacities in Atlanta, Georgia.

Randy Hayworth: Vice President, Operations

Randy has been our Vice President, Operations since September 2020. He has also been SFL's Vice President, Operations since September 2020. From April 2017 to September 2020, Randy was our Senior Director, Operations. From October 2013 to September 2020, Randy was SFL's Senior Director, Operations. Randy serves in his present capacity in Atlanta, Georgia.

Nicolle Dubose: Vice President, Marketing

Nicolle has been our Vice President, Marketing since August 2021. She has also been SFL's Vice President, Marketing and Chief Marketing Officer since August 2021. From January 2020

to August 2021, Nicolle served as Vice President, Marketing and Chief Marketing Officer for Carvel. From August 2018 to December 2019, Nicolle was Senior Director, Marketing for Carvel. From May 2017 to August 2018, Nicolle was Director of Marketing for Carvel. Nicolle serves in her present capacities in Atlanta, Georgia.

Brendan Berg: Senior Vice President, Category Operations, Restaurant Brands for Focus Brands

Brendan has been the Senior Vice President, Category Operations, Restaurant Brands for Focus Brands since October 2022. From October 2014 to October 2022, Brendan was Senior Vice President Global Operations for Church's Texas Chicken in Atlanta, Georgia. Brendan serves in his present capacities in Atlanta, Georgia.

Danelle Parra: Senior Vice President, Category Marketing, Restaurant Brands for Focus Brands

Danielle has been the Senior Vice President, Category Marketing, Restaurant Brands for Focus Brands since September 2021. From December 2020 to September 2021, Danielle was Vice President, Marketing for McAlister's. From August 2020 to November 2020, Danielle volunteered at the Resource Development & Marketing Board Committee for the Boys and Girls Club of Metro Atlanta in Atlanta, Georgia. From July 2019 to July 2020, she was the Chief Commercial Officer for KEH Camera in Atlanta, Georgia. From October 2016 to June 2019, Danielle served as Chief Marketing Officer for Icahn Automotive LLC in Kennesaw, Georgia. Danielle serves in her present capacity in Atlanta, Georgia.

Jessicah Pounds: Vice President, Training, Restaurant Brands for Focus Brands

Jessicah has been Vice President, Training, Restaurant Brands for Focus Brands since September 2020. From April 2017 to September 2020, Jessicah was the Senior Director, Training and Ops Services for Moe's. From March 2013 to September 2020, Jessicah was the Senior Director, Training and Ops Services for Moe's Franchisor LLC. Jessicah serves in her present capacity in Atlanta, Georgia.

Dave Mikita: President, International and Retail Channels for Focus Brands

Dave has been President, International and Retail Channels for Focus Brands since January 2023. From March 2018 to December 2022, Dave was the President, Global Channels for Focus Brands. Dave serves in his present capacities in Atlanta, Georgia.

ITEM 3

LITIGATION

Concluded Actions

FYA Project, LLC and Fernando Lara-Ceils v. Schlotzsky's Stores LLC, Schlotzsky's Franchise, LLC, Cox Acquisitions, Ltd. d/b/a Schlotzsky's, Ltd., BCC Holdings, Inc. d/b/a Schlotzsky's Holdings, Inc., Kelly Roddy, John Geyerman and Adam Garner, District Court of Dallas County, Texas, Case No. DC-14-06909. On June 30, 2014, FYA Project, LLC and Fernando Lara-Celis, a former Schlotzsky's franchisee and its principal shareholder (together, the "**plaintiffs**"), filed a lawsuit against SFL, Schlotzsky's Stores LLC, as well as three of its employees, and two entities

unrelated to us, Schlotzsky's, Ltd. and Schlotzsky's Holdings, Inc. (collectively, the "**defendants**"). Plaintiffs subsequently filed an amended complaint renaming the unrelated entities as Cox Acquisitions, Ltd. and BCC Holdings, Inc., respectively. Plaintiffs alleged that the individual and corporate defendants interfered on several occasions with plaintiffs' attempts to sell a number of their Schlotzsky's stores to third parties, causing plaintiffs to lose those sale opportunities and preventing plaintiffs from using the anticipated sale proceeds to satisfy their debts in order to successfully continue running their remaining Schlotzsky's stores. The amended complaint alleged claims for tortious interference with prospective business relationship, tortious interference with existing contract, negligent misrepresentation, breach of contract, and deceptive conduct under the Texas Deceptive Trade Practices Act. Plaintiffs sought to recover actual damages in excess of $1 million, as well as multiple damages under the Texas Deceptive Trade Practices Act, exemplary/punitive damages and reasonable attorneys' fees and costs. On August 28, 2014, the Court entered an Order staying the lawsuit and referring the parties to binding arbitration of their disputes.

On October 8, 2015, plaintiffs filed an arbitration demand with the American Arbitration Association (Case No. 01-15-0005-2466) against all of the defendants in the state court lawsuit described above, asserting the same claims as in the lawsuit, as well as claims for fraud and breach of fiduciary duty. The arbitration demand sought damages of $3 million as well as multiple damages under the Texas Deceptive Trade Practices Act, exemplary/punitive damages and reasonable attorneys' fees and costs. On March 8, 2016, plaintiffs and defendants entered into a settlement agreement in which (i) plaintiffs agreed to dismiss the lawsuit and the arbitration with prejudice as to all claims against all of the defendants, (ii) we agreed to pay plaintiffs $250,000 in full settlement of all claims against all defendants, (iii) plaintiffs and Schlotzsky's Stores LLC and three of our employees exchanged general releases of all claims against each other, and (iv) the parties agreed that the settlement would not be construed as an admission of liability or wrongdoing of any kind.

Disclosures Regarding Affiliated Programs

The following affiliates who offer franchises resolved actions brought against them with settlements that involved their becoming subject to currently effective injunctive or restrictive orders or decrees. None of these actions have any impact on us or our brand nor allege any unlawful conduct by us.

The People of the State of California v. Arby's Restaurant Group, Inc. (California Superior Court, Los Angeles County, Case No. 19STCV09397, filed March 19, 2019). On March 11, 2019, our affiliate, Arby's Restaurant Group, Inc. ("**ARG**"), entered into a settlement agreement with the states of California, Illinois, Iowa, Maryland, Massachusetts, Minnesota, New Jersey, New York, North Carolina, Oregon and Pennsylvania. The Attorneys General in these states sought information from ARG on its use of franchise agreement provisions prohibiting the franchisor and franchisees from soliciting or employing each other's employees. The states alleged that the use of these provisions violated the states' antitrust, unfair competition, unfair or deceptive acts or practices, consumer protection and other state laws. ARG expressly denies these conclusions but decided to enter into the settlement agreement to avoid litigation with the states. Under the settlement agreement, ARG paid no money but agreed (a) to remove the disputed provision from its franchise agreements (which it had already done); (b) not to enforce the disputed provision in existing agreements or to intervene in any action by the Attorneys General if a franchisee seeks to enforce the provision; (c) to seek amendments of the existing franchise agreements in the applicable states to remove the disputed provision from the agreements; and (d) to post a notice and ask franchisees to post a notice to employees about the disputed provision. The applicable states instituted actions in their courts to enforce the settlement agreement through Final

Judgments and Orders, Assurances of Discontinuance, Assurances of Voluntary Compliance, and similar methods.

The People of the State of California v. Dunkin' Brands, Inc., (California Superior Court, Los Angeles County, Case No. E25636618, filed on March 19, 2019.) On March 14, 2019, our affiliate, Dunkin Brands, Inc. ("**DBI**"), entered into a settlement agreement with the Attorneys General of 13 states and jurisdictions concerning the inclusion of "no-poaching" provisions in Dunkin' restaurant franchise agreements. The settling states and jurisdictions included California, Illinois, Iowa, Maryland, Massachusetts, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, Vermont, and the District of Columbia. A small number of franchise agreements in the Dunkin' system prohibit Dunkin' franchisees from hiring the employees of other Dunkin' franchisees and/or DBI's employees. A larger number of franchise agreements in the Dunkin' system contain a no-poaching provision that prevents Dunkin' franchisees and DBI from hiring each other's employees. Under the terms of the settlement, DBI agreed not to enforce either version of the no-poaching provision or assist Dunkin's franchisees in enforcing that provision. In addition, DBI agreed to seek the amendment of 128 franchise agreements that contain a no-poaching provision that bars a franchisee from hiring the employees of another Dunkin' franchisee. The effect of the amendment would be to remove the no-poaching provision. DBI expressly denied in the settlement agreement that it had engaged in any conduct that had violated state or federal law and, furthermore, that the settlement agreement should not be construed as an admission of law, fact, liability, misconduct, or wrongdoing on the part of DBI. The Attorney General of the State of California filed the above-reference lawsuit in order to place the settlement agreement in the public record, and the action was closed after the court approved the parties' stipulation of judgment.

New York v. Dunkin' Brands, Inc. (N.Y. Supreme Court for New York County, Case No. 451787/2019, filed September 26, 2019). In this matter, the N.Y. Attorney General ("**NYAG**") filed a lawsuit against our affiliate, DBI, related to credential-stuffing cyberattacks during 2015 and 2018. The NYAG alleged that the cyber attackers used individuals' credentials obtained from elsewhere on the Internet to gain access to certain information for DD Perks customers and others who had registered a Dunkin' gift card. The NYAG further alleged that DBI failed to adequately notify customers and to adequately investigate and disclose the security breaches, which the NYAG alleged violated the New York laws concerning data privacy as well as unfair trade practices. On September 21, 2020, without admitting or denying the NYAG's allegations, DBI and the NYAG entered into a consent agreement to resolve the State's complaint. Under consent order, DBI agreed to pay $650,000 in penalties and costs, issue certain notices and other types of communications to New York customers, and maintain a comprehensive information security program through September 2026, including precautions and response measures for credential-stuffing attacks.

Other than these actions, no litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Initial Franchise Fee. When you sign a Franchise Agreement, you must pay us an initial franchise fee (the "**Initial Franchise Fee**") of $35,500. We will not refund any part of the Initial Franchise Fee paid under the Franchise Agreement.

We reserve the right to reduce the Initial Franchise Fee under certain circumstances, including: (i) as an economic incentive for a franchisee to open a certain location, with the determination made on a case-by-case review of all relevant economic factors; (ii) as an inducement for existing operators to open additional Restaurants; (iii) as an inducement for someone to reopen a closed Restaurant; (iv) as an inducement for someone to take over an operating Restaurant; (v) as an inducement for a professional multi-unit operator to open several Restaurants; or (vi) to allow a franchisee to have additional money to spend on restaurant improvements and marketing during the first 12 months of operation. The amount of any reduction will be made on an individual basis and may depend on the condition of the premises, the need for upgrades and remodeling, any special circumstances that we may consider appropriate, and/or other considerations. In addition, we may allow a new franchisee to apply part of their Initial Franchise Fee to the cost of needed improvements or equipment. We may modify or cease offering any discount or incentive programs at any time.

We participate in the International Franchise Association's VetFran program. For qualifying veterans or members of the Armed Forces, the Initial Franchise Fee is $20,000.

If you sign multiple Franchise Agreements at the same time with a Multi-Unit Addendum to develop a set number of Restaurants, we may, in our sole discretion, offer a reduced Initial Franchise Fee for each Restaurant that you develop, however, if we do not, you will be required to pay the then-current Initial Franchise Fee for each Restaurant. You must pay us all of the Initial Franchise Fees for all Restaurants that you commit to develop at the time you sign the Franchise Agreements with a Multi-Unit Addendum. If you fail to develop any of the Restaurants by the deadlines set forth therein or any Franchise Agreement(s) subject to the Multi-Unit Addendum are terminated, you will not receive a refund of any Initial Franchise Fees that you have prepaid.

During the 2022 calendar year, each Initial Franchise Fee paid by franchisees was $25,500.

In certain rare circumstances, we may permit installment payments of the Initial Franchise Fee on terms negotiated with the franchisee.

Plan Review Fee. After our initial review of your proposed layouts, renderings, plans, and specifications for the Restaurant, which must include interior and exterior elevations of the Accepted Location (the "**Architectural Plans**") at no cost and our review of one revised set of Architectural Plans that incorporate our required changes at no cost, we may charge a fee of $1,000 for each set of drawings we review that include any other modifications from the plans that we have previously accepted.

Training Fees. For your first two Restaurants (including Restaurants owned by your affiliates) (the "**Initial Restaurants**"), the Initial Franchise Fee includes the cost of our Management Training Program. For your (and your affiliates') third or subsequent Restaurants (including Restaurants owned by your affiliates) (the "**Subsequent Restaurants**"), if we require, or you elect, to receive the Management Training Program from us or our designee, you must pay us

our then-current Management Training Fee, which is currently $5,200 for all of your Required Trainees (as defined in Item 11) to attend the same session. We reserve the right to charge you a reasonable training fee (currently, between $650 and $2,600 per trainee, depending on the number of available openings at each training location) if (i) you elect, and we permit you, to bring additional trainees, other than the Required Trainees, to the Management Training Program, (ii) your Required Trainees are trained in separate sessions, or (iii) any of your Required Trainees fail to successfully complete the Management Training Program and re-enroll in the program or are replaced with new trainees that enroll in the program.

On-Site Training and Assistance Fee. For your first three Restaurants (including Restaurants owned by your affiliates), the Initial Franchise Fee includes the cost of us providing one or more representatives to provide on-site opening training and assistance at your Restaurant. For your (and your affiliates') fourth or subsequent Restaurants, if we require, or you elect, to receive on-site training and assistance, you must pay us our then-current On-Site Training and Assistance Fee (currently, $2,000 per week per trainer, plus their direct airfare expenses) for such on-site training and assistance.

Systems Administration Fee. We may, in our sole discretion, provide you with project management assistance related to, and coordinate the onboarding and configuration of, your POS System. You must pay us our then-current fee for such services, which is currently estimated to be between $1,500 and $2,000.

Grand Opening Obligation. You must spend at least $15,000 ($25,000 if your Restaurant is the first to open in a Designated Market Area) in grand opening advertising promoting the opening of your Restaurant (the "**Grand Opening Obligation**"). We may require that you deposit this money with us at least 90 days before your open your Restaurant. We will hold these funds and will then disburse the funds either directly to you or to third parties in accordance with a grand opening advertising plan that we have approved. We may, in our sole discretion, reduce or waive the Grand Opening Obligation if your Restaurant is located in a Captive Audience Location (as defined in Item 12).

Cinnabon Express Bakery. When you execute a franchise agreement with Cinnabon to operate a Cinnabon Express Bakery in your Restaurant, you will pay Cinnabon a non-refundable Initial Franchise Fee of $8,000 when you sign your franchise agreement with Cinnabon. You do not pay Cinnabon any other fees or payments for services or goods before your Cinnabon Express Bakery opens.

All Initial Fees. Except as noted above, you do not pay us or our affiliates any other fees or payments for services or goods before your Restaurant opens. The initial fees are not refundable.

ITEM 6

OTHER FEES

Type of Fee[1]	Amount	Date Due	Remarks
Royalty Fee	6% of Net Sales	Payable weekly on the date specified in the Manuals (the "**Payment Due Date**")	See Note 2 for the definition of "**Net Sales**." If you operate a Cinnabon Express Bakery in your Restaurant, sales made from the bakery will be included in your Net Sales for the Restaurant, and you must pay the Royalty Fee on these sales (in addition to any royalty or other payments you make to Cinnabon under your franchise agreement with Cinnabon).
Advertising Contribution	Currently, 4% of Net Sales, but it may be increased to up to 5% of Net Sales	Payment Due Date	You must contribute the Advertising Contribution to the Ad Fund (as defined in Item 11). We may increase the Advertising Contribution by notice to franchisees at any time.
Marketing Technology ("**Mar-Tech**") Fee	Currently, $149 per month	Payable to us or vendors on the dates that we specify	You must pay to us, or a third party that we designate, a marketing-technology fee in the amount and at the times that we specify for various marketing and technology services that we will provide or arrange for third parties to provide, such as services related to the electronic learning management system (the "**Learning Management System**"), e-mail marketing, mobile applications, online and catering ordering platforms, and order management. This fee may also be used to pay for a portion of the expenses for some of the services that are partially funded through the Ad Fund. We may include in the fee our administrative expenses related to procuring or providing these services. We may change the fee from time to time as the included services or our vendor costs change.
Local Advertising Group ("**LAG**") Contribution	An amount set by your LAG	Payment Due Date	All members of a LAG, whether a franchisee-owned, company-owned or affiliate-owned Restaurant, have voting rights on matters brought before the LAG for a vote, including matters relating to the amount of the required LAG contribution.

Type of Fee[1]	Amount	Date Due	Remarks
Local Marketing Obligation	Currently, each calendar quarter, you must spend not less than 0.5% of Net Sales on local market advertising	Each calendar quarter	We may specify a minimum amount that you must spend on local market advertising (the "**Local Marketing Obligation**"), which we may change upon 60 days' written notice. See Item 11 for what will count towards meeting your obligation. If you fail to make the minimum advertising expenditures, we may do so on your behalf and you must reimburse us for our expenses. We may also elect to collect all or a portion of the Local Marketing Obligation from you and (i) contribute it to the Ad Fund, (ii) conduct national, regional, or local advertising, (iii) spend it on local advertising, or (iv) contribute it to your LAG.
Promotions	Costs to purchase, lease and install all materials necessary for promotional campaigns, including counter cards, posters, banners, signs, photographs, loyalty program rewards, give-away items, and gift cards. We may charge you our costs plus a reasonable administrative fee.	As incurred	You will participate at your own cost in temporary or permanent promotional campaigns that we establish (e.g., limited time offers, gift cards, coupons, loyalty programs, customer relationship management, and other supplemental marketing programs), which may be applicable to the System as a whole or to specific advertising market areas. You also will participate in promotional programs your LAG establishes.
Insufficient Funds Fee	Our out-of-pocket costs and an administrative fee	On invoice	If we draft money from your account under our electronic funds transfer (**"EFT"**) or draft system, and there are insufficient funds to cover the draft, we will charge you the return costs charged by our bank and an administrative fee to cover our costs of addressing the nonpayment. This fee is in addition to interest on the amount due.
Interest	The lesser of 1.5% per month or the maximum legal interest rate	On invoice	You must pay us or our affiliates interest on any amounts past due to us or our affiliates.
Late Reporting Fee	Our then-current fee. Currently, $50 per week.	On invoice	You must pay this late fee if you fail to submit timely, complete and accurate reports, financial statements, tax returns,

Type of Fee[1]	Amount	Date Due	Remarks
			and statements of initial investment costs when due.
Taxes and Other Payments	Our cost	Within 10 days after demand	You must pay us or our affiliates (i) all sales taxes, corporate taxes, and any similar taxes paid by us on your behalf, imposed on us, or required to be collected by us on account of products or services we furnish to you (through sale, lease, or otherwise) or on account of our collection of any fee related to the Franchise Agreement; (ii) all franchise or similar taxes, whether based on gross receipts, gross revenues, Royalty Fees, Advertising Contributions, or otherwise, imposed on, required to be collected by, or paid by us; (iii) all marketplace facilitator or similar taxes imposed on, required to be collected by, or paid by us in connection with your use of our website, internet sites, applications, or online ordering platforms; (iv) all other amounts we pay or must pay for you for any reason; and (v) any other fees or expenses that we are entitled to collect from you.
Subsequent Trainee Management Training Fee	Currently, between $650 and $2,600 per trainee, depending on the number of available openings at each training location	Before attending training	You must pay this fee if you appoint a new Manager, Primary Contact, Director of Operations, or other person we designate after your Restaurant opens, and we provide the Management Training Program to them.
On-Site Training and Assistance Fee	A reasonable fee, currently, $2,000 per week per trainer, plus their direct airfare expenses	On invoice	At any time, you can request, or we may require, additional on-site training and assistance above that which we must provide. We have no obligation to provide such additional on-site training or assistance and we may impose a fee for such additional on-site training or assistance. We will prorate this fee based on the number of days of training you receive.
Additional Support/ Consulting Fee	A reasonable fee, currently, $500 per day, plus travel and living expenses	On invoice	We may offer you consultation services beyond the support services under the Franchise Agreement, and if you accept them, we can charge you a consulting fee.

Type of Fee[1]	Amount	Date Due	Remarks
Conference/ Program Fee	A reasonable fee, which will vary by program	As incurred	We may charge you a reasonable fee for any conferences, conventions, programs, or training sessions that we conduct. We expect these fees to range from $0 to $2,500.
Technology Training Fee	Will vary; currently, estimated to be approximately $100 per hour, plus all travel related expenses	As incurred	We may permit or require you to obtain training from third parties or us. If you obtain technology training services from us, we may charge a fee for such services. The fees may exceed the estimate depending on the program, the personnel, and the circumstances.
Training Cancellation Fee	Our out-of-pocket costs	On invoice	If you fail to cancel scheduled training at least 14 days prior to such training or if you are not prepared to successfully complete training, we may charge you the cost of conducting the originally scheduled training (including any training fees and any travel and living expenses incurred by our representatives) and may require you to pay an additional fee for rescheduled training.
Plan Review Fee	$1,000 per set of drawings	On invoice	After our initial review of your Restaurant plans at no cost and a review of a revision incorporating our comments at no cost, we may charge a fee of $1,000 for each additional set of drawings we review that include any modifications from the plans that we have previously accepted.
Lease Renewal/ Extension Review Fee	Our then-current fee. Currently, $2,000.	As incurred	If you renew a lease or a lease is extended by the landlord for a period of 12 months or more, you must obtain our approval of the lease and, in our sole discretion, pay this fee, which we may change from time to time. Our review of the lease will be limited to determining whether it complies with the Franchise Agreement.
Lease Documentation Late Fee	$500 per month (or partial month) until delivered	As incurred	We may charge you this fee if you fail to provide us with a signed copy of any lease or a modification, amendment, or renewal of a lease within 15 days after its execution. The fee is payable for each month or partial month after the deadline, until you provide the documentation.

Type of Fee[1]	Amount	Date Due	Remarks
Relocation Fee	10% of the then-current Initial Franchise Fee.	Before your relocation	Payable to us if you relocate to a new site that we have accepted.
Relocation Extension Fee	$1,500 per year that the term is extended	Before we sign relocation Franchise Agreement	If you relocate to a new site and we agree to extend the term of your Franchise Agreement (or enter into a new Franchise Agreement) to match the term of your new lease, you must pay the Relocation Extension Fee in addition to the Relocation Fee.
Refresh/ Remodel Site Survey and Design Fee	Our then-current fee. Currently, such fee is approximately $1,200 to $6,000 depending on the scope of the required changes.	As incurred	You must refresh your Restaurant every five years and must remodel your Restaurant every ten years to meet our then-current Standards. We may require you to pay us, our affiliates, or our designee this fee to inspect your Restaurant and produce a site survey and/or design plan that will comply with these obligations.
Transfer Fee	50% of the then-current Initial Franchise Fee if it is a Control Transfer; if it is a transfer to a related party or that is not a Control Transfer, 10% of the then-current Initial Franchise Fee	At transfer closing	Payable to us if you transfer any interest in your Franchise Agreement or Restaurant. A "**Control Transfer**" occurs if there is a transfer of (i) any interest in the Franchise Agreement, (ii) the Restaurant or substantially all of its assets, (iii) more than 20% of the ownership interests in you, or (iv) any interests that result in a change in control of your entity. See Item 17.k for the definition of "transfer."
Systems Administration Fee	Our then-current fee, which is currently estimated to be between $1,500 to $2,000	At transfer closing	Payable to us for the project management services that we may, in our sole discretion, provide related to coordinating the onboarding and reconfiguration of the POS System after a transfer occurs.
Renewal Fee	20% of the then-current Initial Franchise Fee	Before we sign renewal Franchise Agreement	Payable to us if you enter into a renewal term.
Computer Systems Fee	A reasonable fee, which will vary based on the services provided	As needed	Paid to contractors, or us or our affiliates, as applicable. We may charge a reasonable systems fee for modifications and enhancements and other maintenance and support services related to the Computer System (as defined in Item 11). The amount for upgrades and

Type of Fee[1]	Amount	Date Due	Remarks
			maintenance varies based on the extent of the upgrade or services provided.
POS System Support Fee	Currently, estimated to be between $125 and $250 per month	As Incurred	You must remit this fee to us or our affiliate (or a third-party vendor approved by us) for software and hardware support for your POS System. The support service includes helpdesk support, trouble shooting, menu management, third-party integrations, and collection of sales data from your POS System overnight. This fee is subject to change and typically changes annually.
Non-Focus Brands Portfolio POS Menu Setup	A reasonable fee, currently estimated to be $500 per day	As incurred	If we permit you to operate a co-branded location with a brand that is not in the Focus Brands Portfolio and such brands' sales are processed through the POS System, we may charge you a fee to add the other brands' menu to the POS System or to subsequently modify it.
Back Office and Polling Software Fee	Currently, estimated to be between $100 and $200 per month	As incurred	Currently we require you to remit this fee to a third-party vendor that provides the back office and polling software for your Computer System. We reserve the right to require you to remit this fee to us, our affiliate, or a different third-party vendor at any time.
Credit Card Fees	Transaction fees estimated to be from 2.5% to 5% of transaction amounts. Other fees may apply depending on the vendor used for credit card processing.	As incurred	We may require that you use a specific credit card processing company and/or gateway. Currently, we do not collect any fees for credit card processing, but we may charge for our administrative cost for this activity.

Type of Fee[1]	Amount	Date Due	Remarks
Information Security and Compliance Fees	Amount of fees; estimated to be between $75 and $150 per month	As incurred	You must remit this fee to us, our affiliate, or a third-party vendor. This fee is subject to change. We may require that you use one or more Approved Suppliers to provide credit card data and security services that are consistent with PCI-DSS requirements, including a managed firewall, quarterly network scan, anti-virus/anti-malware software, and managed Wi-Fi. We may also require you to obtain data breach protection insurance provided by such Approved Supplier. We require that you submit annually proof of your PCI-DSS compliance status. We may also charge an administrative fee to review your systems and verify your compliance with these requirements.
Gift Card and Loyalty Program Fees	Amount of administrative fees	As incurred	You must participate in the gift card, loyalty, and other electronic incentive programs (the "**Gift Card and Loyalty Programs**") that we establish, using vendors that we designate, which may include us or our affiliates. We or our affiliates may charge, or collect on behalf of our vendors, an administrative cost for participating in these programs. Currently, our gift card distributor retains 7.75% or 12% of the value of a gift card purchased from a retailer other than a Restaurant (with the percentage varying by retailer). If a gift card is redeemed in your Restaurant, we will reimburse the redeemed amount minus the 7.75% or 12% administrative fee retained by the vendor. In addition, currently, you must pay our designated gift card processor $4.50 per Restaurant per month to cover unlimited transactions and settlement processing.
Loyalty App Fee	Currently, $62 per month	As incurred	You are required to participate in our loyalty program. This fee is payable to us or a vendor that we designate for use of our designated loyalty app. This fee is subject to change.
Online Ordering Fee	Currently, $65 per month, plus a per transaction fee (estimated to be less	As incurred	You must participate in our online ordering program. This fee is payable to us or a vendor that we designate. We may change

Type of Fee[1]	Amount	Date Due	Remarks
	than $0.02 per transaction) and additional charges based on services subscribed to.		the fee from time to time and may charge additional fees.
Ordering Support Fee	A reasonable fee, which will vary based on the services provided. Currently, 3% of the pre-tax transaction amount for each transaction that is processed through our online ordering system.	Payment Due Date	We require you to pay to us, our affiliates, and/or one or more third parties that we designate, an ordering support fee, in an amount and at the times that we specify, for various ordering support services that we will provide or arrange for our affiliates or third parties to provide, such as services related to online and catering ordering platforms, call center(s), ordering and delivery management services, and catering rewards programs. We may include in the fee our and our affiliates' costs and administrative expenses related to procuring, providing, and/or developing the services, including without limitation the costs of integrating such services with the Computer System. We may modify this fee (including by changing it to a fixed fee per transaction) and the included products and services from time to time.
Purchasing Program Fee	Reasonable membership fees assessed by the Purchasing Program	As incurred	If we designate or establish any purchasing and/or distribution cooperatives/associations/programs (**"Purchasing Programs"**), you must become a member and pay any membership fees assessed. We currently do not have any Purchasing Programs which require membership fees.
Supply Chain Fee	Currently, $0.28 - $0.35 per case purchased through certain Appointed Distributors (as defined in Item 8)	As incurred	We and/or our affiliate(s) collect this fee from certain Appointed Distributors from whom you may purchase products and services to offset expenses related to managing the supply chain. The fee is subject to change from time to time.
Master Insurance Policy Fee	Currently not charged; we do not have an estimate at this time.	As incurred	We reserve the right to obtain a master insurance policy on behalf of the System for certain types of coverage and require you to pay all or a portion of your proportionate share of coverage under the master policy to us or our Approved Supplier.

Type of Fee[1]	Amount	Date Due	Remarks
Insurance	Amount of unpaid premiums and our costs	On demand	Payable only if you fail to maintain required insurance coverage and we elect to obtain coverage for you. See Item 8.
Guest Relations Fee	Currently, $30 for each guest complaint or other contact request that you do not timely respond to or for each excessive guest complaint	As incurred, due on the Payment Due Date	Payable, in addition to any other remedies that we are entitled to pursue (including reimbursement of any costs or expenses we may incur related to responding to or resolving such complaint on your behalf), if you fail to respond in accordance with our Standards within 72 hours to a guest contact request that we send to you or a guest complaint. We may also impose this fee for the fourth and each subsequent guest complaint received in a given month related to your Restaurant. We may change the fee, time period for responding to complaints, and number of complaints deemed to be excessive from time to time.
Non-compliance Fee	Currently, $25 to $500 for a single default, but may vary based on the severity of defaults and repetition of defaults.	On invoice	Payable if you fail to comply with any of the Standards, in addition to any other remedies that we are entitled to pursue. The fee may be charged repeatedly (as frequently as daily) if the non-compliance is ongoing.
Failure to Comply with Standards or Law Fee	Up to a $5,000 fee plus our reasonable expenses connected with any inspection, examination, or analysis of products or your Restaurant	On invoice	Payable if our inspection shows the products have been adulterated in any way or that your Restaurant does not comply with applicable laws. If (i) we inspect your Restaurant and find a violation and we find the same violation at another inspection within one year, (ii) you fail to comply with any remedial measures we require, (iii) you fail to cooperate in any inspection, or (iv) there have been repeated violations, then you must pay up to a $5,000 fee for the inspection, in addition to the travel expenses of our inspectors or representatives and any other expenses we incur, including attorneys' fees. These remedies are not exclusive.
Development Deadline Extension Fee	$2,500 per missed deadline	On invoice	Payable if you fail to meet the Site Approval Deadline, Construction Start Deadline, or Opening Deadline (each as defined in Item 11) or if we grant you an extension to any of these deadlines. We may terminate the Franchise Agreement if

Type of Fee[1]	Amount	Date Due	Remarks
			you fail to open by the Opening Deadline or if you fail to cure a default of the Site Approval or Construction Start Deadlines.
Repeated Inspection Fee	Cost of inspection	On invoice	If we or our representative inspect you as a result of your repeated or continuing failure to comply with any provision of the Franchise Agreement, you must pay us the cost of the inspection, including the travel and living expenses of our representatives.
Reimbursement of Services After Default	All costs and expenses that we reasonably incur	On invoice	Payable if you default under the Franchise Agreement and we, in our sole discretion, undertake or perform on your behalf any obligation or duty that you are required to, but fail to, perform under the Franchise Agreement.
Audit	Cost of audit	On invoice	If we audit you and find that you understated Net Sales by 2% or more, you must reimburse us all reasonable expenses connected to the audit, review or examination (including any reasonable accounting and attorneys' fees). We estimate that the typical audit costs would be approximately $1,000 to $4,000.
Liquidated Damages	The average monthly amount of Royalty Fee that you owed us during the past 36 months times the lesser of remainder of term of Franchise Agreement or 36 months.	Within 30 days of termination of your Franchise Agreement	You must pay this fee only if the termination occurs after the opening date of your Restaurant and you are not insolvent at the time of termination. If less than 36 months have passed since opening and termination, the amount will be the average monthly Royalty Fee during the time between opening and termination, times the lesser of the remainder of term of the Franchise Agreement or 36 months.
Appraiser's Fee	50% of appraiser's fee	On invoice	You must pay this fee only if we elect to purchase your assets on termination or expiration of the Franchise Agreement and we cannot agree with you on the purchase price.
Indemnification of us	Our cost	On invoice	You indemnify us from certain losses and expenses under the Franchise Agreement.
Attorneys' Fees	Our cost	On invoice	You must pay us any attorneys' fees we incur related to you, your Owners, or your Restaurant (other than those we incur in response to your efforts to enforce the Franchise Agreement or in the defense of

Type of Fee[1]	Amount	Date Due	Remarks
			any claim we assert against you on which you substantially prevail in court or other formal legal proceedings). If we become a party to a proceeding on an agreement between us and you, and we win, or if we become a party to litigation or insolvency proceedings for your franchise, then you must pay our reasonable attorneys' fees and court costs. If we terminate the Franchise Agreement for your default, you must pay us all our expenses from your default or termination, including reasonable attorneys' and experts' fees.
Reinstatement Fee	10% of the amount of the then-current Initial Franchise Fee, plus Royalty Fees that would have been payable in period between termination and reinstatement	Before reinstatement	If we terminate your Franchise Agreement due to a health and safety default, you cure the default and want to be reinstated, and we agree to reinstate your Franchise Agreement, you must pay us a reinstatement fee.
De-identification Fee	Our actual costs, plus interest and an administrative fee equal to 15% of our actual costs	On invoice	Payable if we terminate the Franchise Agreement, you fail to de-identify the Restaurant, and we make the required changes on your behalf.

Notes

1. Unless otherwise stated, we directly impose all the fees in this table, you pay them to us, and we do not refund them. We endeavor to impose these fees uniformly but reserve the right to make variances in special circumstances. We reserve the right to collect all fees due to us under the Franchise Agreement through EFT. We may change the Payment Due Date, and any other due dates, in the Manuals or in a written notice to you.

2. **"Net Sales"** means all revenues generated by your Restaurant or conducted from or with respect to the Restaurant, whether the sales are evidenced by cash, check, credit, charge, account, barter or exchange. Net Sales includes monies, gift card redemptions, or credit generated by or received from (i) the sale of Approved Products or tangible property of every kind and nature, promotional or otherwise, anywhere and (ii) services performed from, at, or in connection with the Restaurant, including (x) off-premises services (such as catering and delivery), (y) on-premises services (such as games, gambling machines, or third-party advertising within the Restaurant), or (z) any other services or activities that use either the System, the Marks, or products that are the same as or similar to the Approved Products. The foregoing list is not intended to provide approval for such activities, which may be conducted only if approved. Unless we specify otherwise in writing, Net Sales shall include all ancillary charges or fees, including delivery fees and other service charges, that are paid to you by a customer or by a third-party delivery or catering service (e.g., Uber Eats, Postmates, Grubhub, ezCater, or DoorDash) (a "**TPS**") in connection with delivery or catering services related to your Restaurant (recognizing

that though the TPS may pay you an amount equal to the purchase price charged to the customer less a commission, other fees, and any discounts, credits, or coupons applied to the order, such commission, fees, discounts, credits, and coupons will not be deducted from your Net Sales). Net Sales will not include (a) the initial sales or reloading of gift cards, (b) discounts, (c) the sale of food or merchandise for which refunds have been made in good faith to customers, (d) the discounted portion of employee meals, (e) sales, meals, use or excise tax imposed by a governmental authority directly on sales and collected from customers, provided that the amount for the tax is added to the selling price or absorbed therein and is actually paid by you to a governmental authority, (f) the sale of equipment used in the operation of the Restaurant, or (g) tips.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

RESTAURANT AT AN ENDCAP OR INLINE SHOPPING CENTER LOCATION

Type of Expenditure	Amount of Expenditure		Method of Payment	When Payments Are Due	To Whom Payment Will Be Made
	Low	High			
Initial Franchise Fee[1]	$35,500	$35,500	Lump sum	At signing of Franchise Agreement	Us
Construction and Build Out Costs[2]	$193,050	$526,500	As incurred	As arranged	Contractors
Permitting[3]	$1,800	$11,000	As incurred	Before opening	Government agencies
Equipment Package[4]	$87,750	$170,820	Lump sum	Before opening	Vendors
Millwork[5]	$40,500	$53,820	As incurred	Before opening	Vendors
Furniture[6]	$17,550	$35,100	As incurred	Before opening	Vendors
Menu Board, Graphics and Interior Signage[7]	$12,000	$22,600	As incurred	Before opening	Vendors
Exterior Signage[8]	$20,400	$46,800	Lump sum	Before opening	Vendors
Computer System[9]	$26,000	$60,000	As incurred	Before opening	Vendors
Smallwares[10]	$6,700	$7,500	As incurred	Before opening	Vendors
TV/Music[11]	$2,000	$3,000	As incurred	Before opening	Vendors
Architect/Engineer[12]	$5,000	$50,000	As incurred	Before opening	Architect
Rent [13]	$5,000	$15,600	Monthly	As arranged	Lessors
Grand Opening Marketing[14]	$15,000	$25,000	As incurred	Before opening	Vendors

Type of Expenditure	Amount of Expenditure		Method of Payment	When Payments Are Due	To Whom Payment Will Be Made
	Low	High			
Legal and Accounting Fees[15]	$3,000	$12,000	As incurred	Before opening	Lawyers and accountants
Insurance[16]	$1,750	$8,800	As incurred	Before opening	Insurance companies
Misc. Opening Costs/Office Supplies[17]	$500	$5,000	As incurred	Before opening	Vendors, us
Security Deposits[18]	$7,000	$10,000	As incurred	As incurred	Utility companies
Training Fees[19]	$0	$5,200	As incurred	Before opening	Us
Travel and Living Expenses during Training[20]	$10,000	$40,000	As incurred	Before opening	Airlines, hotels and restaurants
Opening Inventory[21]	$7,500	$25,000	As incurred	Before opening	Vendors
Cinnabon Express Bakery Initial Franchise Fee[22]	$8,000	$8,000	Lump Sum	At signing of Franchise Agreement with Cinnabon	Cinnabon
Cinnabon Express Bakery[22]	$23,600	$40,100	Varies (see Cinnabon Disclosure Document)	Varies (see Cinnabon Disclosure Document)	Contractors, vendors, other third parties
Additional Funds - 3 Months[23]	$39,000	$48,000	As incurred	As incurred	Us, employees, vendors, etc.
Total Initial Investment[24]	**$568,600**	**$1,265,340**			

YOUR ESTIMATED INITIAL INVESTMENT

RESTAURANT AT A NEWLY-CONSTRUCTED FREESTANDING LOCATION

Type of Expenditure	Amount of Expenditure		Method of Payment	When Payments Are Due	To Whom Payment Will Be Made
	Low	High			
Initial Franchise Fee[1]	$35,500	$35,500	Lump sum	At signing of Franchise Agreement	Us
Construction and Build Out Costs[2]	$857,000	$1,064,700	As incurred	As arranged	Contractors
Permitting[3]	$4,000	$12,900	As incurred	Before opening	Government agencies
Equipment Package[4]	$131,000	$170,820	Lump sum	Before opening	Vendors
Millwork[5]	$12,000	$28,100	As incurred	Before opening	Vendors
Furniture[6]	$11,000	$31,600	As incurred	Before opening	Vendors
Menu Board, Graphics and Interior Signage[7]	$5,000	$22,230	As incurred	Before opening	Vendors
Exterior Signage[8]	$80,000	$140,400	Lump sum	Before opening	Vendors
Computer System[9]	$26,000	$60,000	As incurred	Before opening	Vendors
Smallwares[10]	$11,000	$14,500	As incurred	Before opening	Vendors
TV/Music[11]	$3,000	$3,900	As incurred	Before opening	Vendors
Architect/Engineer[12]	$20,000	$35,100	As incurred	Before opening	Architect
Rent [13]	$5,000	$15,600	Monthly	As arranged	Lessors
Grand Opening Marketing[14]	$15,000	$25,000	As incurred	Before opening	Vendors
Legal and Accounting Fees[15]	$2,500	$10,000	As incurred	Before opening	Lawyers and accountants
Insurance[16]	$1,750	$8,800	As incurred	Before opening	Insurance companies
Misc. Opening Costs/Office Supplies[17]	$500	$1,500	As incurred	Before opening	Vendors, us
Security Deposits[18]	$500	$8,000	As incurred	As incurred	Utility companies
Training Fees[19]	$0	$5,200	As incurred	Before opening	Us
Travel and Living Expenses during Training[20]	$10,000	$40,000	As incurred	Before opening	Airlines, hotels and restaurants

Type of Expenditure	Amount of Expenditure		Method of Payment	When Payments Are Due	To Whom Payment Will Be Made
	Low	High			
Opening Inventory[21]	$15,000	$21,800	As incurred	Before opening	Vendors
Cinnabon Express Bakery Initial Franchise Fee[22]	$0	$8,000	Lump Sum	At signing of Franchise Agreement with Cinnabon	Cinnabon
Cinnabon Express Bakery[22]	$0	$40,100	Varies (see Cinnabon Disclosure Document)	Varies (see Cinnabon Disclosure Document)	Contractors, vendors, other third parties
Additional Funds - 3 Months[23]	$39,000	$48,000	As incurred	As incurred	Us, employees, vendors, etc.
Total Initial Investment[24]	**$1,284,750**	**$1,851,750**			

Explanatory Notes:

The chart above provides an estimate of your initial investment for one Restaurant. The charts should be read in conjunction with the following notes. The charts do not include Restaurants in non-traditional venues.

You should review this information, including the footnotes, carefully, conduct your own investigation and seek the help of qualified advisors before making any decision about an initial investment in a Restaurant.

None of these fees or payments are refundable unless otherwise noted below.

1. Initial Franchise Fee. See Item 5.

2. Construction and Build Out Costs. This estimate includes fees paid to a general contractor you engage to build out the Restaurant to meet our Standards. Leasehold improvements include but are not limited to HVAC, electrical, carpentry, floor covering, and painting. For the freestanding location, the construction costs include additional costs associated with "ground-up" construction (e.g., exterior shell, site work, parking lots, and lighting). The low estimate assumes the developer will supply all sitework beginning five feet outside of the building's walls. The high estimate assumes you will be responsible for both constructing the building and performing the sitework. The cost of a general contractor will vary widely depending on the size and condition of the premises, whether or not there are any existing and comparable leasehold improvements in the premises, the extent and quality of improvements you desire over and above our minimum requirements, your landlord's cash contribution to the cost of the improvements, and the local costs of material and labor. In certain major metropolitan markets such as Boston, Chicago, New York, Los

Angeles, San Francisco, Seattle, and Washington, D.C., costs could be significantly higher than the estimates provided here due to local market rates for materials and labor.

In the endcap/inline table, the low estimates are based on a 2,100 square foot endcap or inline location that does not include a drive-thru, and the high estimates are based on a 3,600 square foot endcap location that includes a drive-thru. In the freestanding table, the low estimates are based on a 1,000 square foot freestanding location that includes a drive-thru, and the high estimates are based on an 1,800 square foot freestanding location that includes a drive-thru.

You may be able to negotiate tenant improvement allowances from your landlord. The estimate is presented net of estimated tenant improvement allowances. For the low estimate, we estimated a tenant improvement allowance of $72,000, which is approximately the average tenant improvement allowance that franchisees have reported to us and our affiliates for similar units. For the high estimate, we assumed that a tenant improvement allowance was not available.

3. Permitting. This estimate includes the cost of acquiring construction permits, including permit fees. Your costs will vary depending upon your Restaurant's location. In some markets, the costs of required permits may significantly exceed our estimates.

4. Equipment Package. You must purchase or lease from an Approved Supplier certain equipment (like kitchen equipment) and machinery that complies with our Standards. Your actual costs will vary depending on a number of factors including, without limitation, building codes and health requirements of the state where your Restaurant is located.

   These amounts do not include the costs of any owned, hired or leased delivery motor vehicles that you may utilize in the operation of the Restaurant. If you offer delivery and catering services under the terms of the Franchise Agreement, you may need to purchase at least one branded catering vehicle equipped per our specifications, which will cost approximately $25,000 to $35,000 if purchased, or $500 to $700 per month if leased, although leased costs may vary significantly.

5. Millwork. You will incur expenses for millwork at the Restaurant, which may include the cost of purchasing cabinets and counters from Approved Suppliers and installing them in the Restaurant.

6. Furniture. You must purchase from Approved Suppliers furniture that meets our Standards, such as tables, chairs, and office furniture.

7. Menu Board, Graphics, and Interior Signage. This estimate includes the cost of purchasing digital and/or static menu boards and interior signage from Approved Suppliers. The cost will vary based on the size of your Restaurant.

8. Exterior Signage. You must purchase exterior signage from Approved Suppliers. The cost of your exterior sign will vary depending on the size, color, quantity and back-lite channel letters of the sign and other specifications as we require. Freestanding locations may require substantially more signage and cost substantially more than the range provided.

9. Computer System. You must purchase, lease and/or license and install at the Restaurant the POS System, computer systems, mobile hardware, software, online ordering platform, associated computer hardware, telephone lines, network connections, communications equipment, high speed internet access (e.g. DSL or cable), credit card, gift card and loyalty card processing equipment, and other equipment that we require from time to time (collectively, the "**Computer System**"). The Computer System currently includes a back office PC, one monitor, one back office multi-function printer, between one and six POS System terminals, one firewall device, a dedicated iPad® or Windows® tablet/computer, and one POS System server in addition to other related software, phone and network connections, and equipment. The high estimate includes a drive-thru timer and related equipment. You are required to purchase training software from a vendor that we designate.

10. Smallwares. This estimate includes the cost of purchasing cooking utensils and supplies, cleaning supplies, other smallwares, and other tools necessary to operate the Restaurant.

11. TV/Music. We may require you to install televisions and audio equipment in the Restaurant and to enter into subscriptions for television and audio services.

12. Architect/Engineer. You must engage a licensed architect that we accept in writing and licensed engineers (e.g., mechanical, electrical, plumbing, or structural engineers) as necessary to draft standard construction plans for your Restaurant. Your costs will vary depending upon the location of the Restaurant, its condition, and the need for additional designs, plans, and drawings, if applicable.

13. Rent. The figures in the table reflect our estimates for leasing the Restaurant premises and include only one month of rent. Restaurants are typically locations with a drive-thru in suburban shopping centers but also may be located in non-traditional locations. We currently have three traditional prototypes – a 1,000 square foot freestanding location, an 1,800 square foot freestanding location, and a 2,100 to 3,600 square foot endcap or inline location. We can adapt the prototypes to provide for a variety of restaurant designs of varying square footage.

    For a Restaurant at an endcap or inline location, we estimate that annual rent will typically range between $28 to $52 per square foot, including pass-through costs such as common area maintenance, real estate taxes, and property insurance. For a Restaurant at a freestanding location, we estimate that rent will typically range between $33 to $72 per square foot.

    The Restaurant requires ample parking, good visibility, and availability of prominent signage. Your rent will depend on the site's size, condition, visibility, accessibility, and location, local market conditions, demand for the premises among prospective lessees, and the arrangement you negotiate with the landlord. In certain major metropolitan markets such as Boston, Chicago, New York, Los Angeles, San Francisco, Seattle, and Washington, D.C. and in certain other high demand districts, prevailing market rents could be significantly higher than the high estimate. Because of the wide variation in lease rates for retail space, you should consult with a local commercial real estate broker to get a more accurate estimate of costs in your market.

The table estimates the cost to lease real estate. If you choose to instead purchase the land and building for the Restaurant, we estimate that you could pay about $10,000 to $20,000 per month in monthly mortgage payments. Your mortgage payments will depend heavily on the location of the Restaurant, current interest rates and economic conditions, your creditworthiness, your negotiations with the landowner or landlord, and the condition of the site before negotiating your transaction.

14. Grand Opening Marketing. You must conduct a grand opening advertising campaign with the opening of your Restaurant. You must pay all costs of the grand opening, including publicity costs, promotional costs, plus the full cost of any price reductions or other customer inducements. Costs may vary depending on your market and the type of advertising used, however, you must spend a minimum of $15,000 ($25,000 if your Restaurant is the first Restaurant to open in a Designated Market Area) during the period beginning four weeks before and ending eight weeks after the opening of your Restaurant. You must obtain our written approval for the grand opening advertising plan at least 30 days prior to your grand opening.

15. Legal and Accounting Fees. This estimate includes the cost of legal and accounting fees that you may incur in establishing your business. Such expenses may include fees payable to attorneys and accountants that you will need to use for the review of this Disclosure Document and the related agreements, as well as for entity formation and lease negotiation.

16. Insurance. You must obtain and maintain during the term of your Franchise Agreement, at your expense, a comprehensive business insurance program, including property, commercial general liability, automobile liability, business property, umbrella, workers' compensation, employment practices liability, cyber liability, and (if you serve alcohol) dram shop liability insurance. The types and minimum amounts of insurance coverage that we currently require are described in Section 13.2 of the Franchise Agreement but are subject to change. We may obtain a master insurance policy on behalf of the System for certain types of coverage and require you to pay all or a portion of your proportionate share of coverage under the master policy to us or our Approved Supplier. This figure estimates the cost of your insurance premiums for your first year of operation based on our minimum requirements. Your cost of insurance will vary depending on your Restaurant location, the claims experience of commercial businesses in your area, and your prior insurance claim experience. You should be aware that this cost may increase in the future if we exercise our right to require you to obtain insurance with higher policy limits.

17. Misc. Opening Costs/ Office Supplies. This includes office supplies and other miscellaneous opening expenses, such as utility costs, business licenses and permits, opening assistance, and the cost of training your employees.

18. Security Deposits. This estimate includes the cost of deposit expenses to obtain utility services, which includes deposits to initiate telephone, gas, electricity, water, and other services. These costs will vary due to municipality requirements, local provider requirements, and your creditworthiness. These deposits are generally refundable depending on the provider's policies. This estimate does not include any security deposit under any lease for the Restaurant.

19. Training Fees. For the Subsequent Restaurants, you must pay the Management Training Fee if we require, or you elect, to receive such training from us or our designee. If you have a Certified Training Manager and a Certified Training Restaurant (as both terms are defined in Item 11), we may authorize you to provide the Management Training Program to your trainees. You will not pay the Management Training Fee for the Initial Restaurants and any training that you provide.

    In addition, for your fourth or subsequent Restaurants (including Restaurants owned by your affiliates), you must pay the On-Site Training and Assistance Fee if we require, or you elect, to receive on-site training and assistance. The high estimate includes the cost of one of our trainers traveling to provide one week of such on-site training and assistance.

20. Travel and Living Expenses during Training. This estimate is for the cost of two to four people to attend the Management Training Program in an approved training restaurant in a location that we designate. You are responsible for the travel and living expenses, wages, and other expenses incurred by your trainees during the program. Your actual cost will depend on your point of origin, method of travel, class of accommodations, and dining choices. If any of your trainees require additional training beyond our standard Management Training Program, you may incur additional costs that are not reflected in this estimate.

21. Opening Inventory. You must purchase an opening inventory of food and paper products, which will vary in cost based on the size, location, and projected sales of your Restaurant.

22. Cinnabon. All Restaurants are required to have a Cinnabon Express Bakery. These figures represent the estimated initial investment necessary for a Cinnabon Express Bakery as detailed in the Cinnabon Disclosure Document prepared by Cinnabon. See the Cinnabon Disclosure Document for details. These figures are based on Cinnabon's experience.

23. Additional Funds – 3 Months. This estimates the additional funds you may need to cover expenses you will incur before your Restaurant opens and in its first three months of operation. These expenses may include, without limitation, employee salaries, wages, and benefits, payroll taxes (including payroll to cover the pre-opening training period for your staff), Royalty Fees, Advertising Contributions, additional advertising expenses, additional inventory, miscellaneous supplies and equipment, rent, bank charges, state tax and license fees, deposits, prepaid expenses, and other miscellaneous items. We have based these figures on our experience franchising Restaurants and our affiliate's experience opening and operating Restaurants. You may incur other categories of expenses or expenses in excess of this estimate.

24. Total Initial Investment. These figures are based on our experience franchising Restaurants and our affiliate's experience opening and operating Restaurants. Your actual investment and expenditures and initial cash outlay may vary from the amounts shown if you choose to purchase your Restaurant, if you choose to build a larger or smaller Restaurant than our standard design, or if your Restaurant is located in an expensive market. Restaurants located in non-traditional venues like office buildings, hospitals, stadiums or university food service facilities will likely experience lower initial investment expenditures than Restaurants in traditional locations like malls or strip centers.

These figures do not include the estimated initial investment necessary if you choose to add a Cinnabon Express Bakery to your Restaurant. These figures are detailed in the Cinnabon Disclosure Document prepared by Cinnabon.

We do not offer direct or indirect financing to franchisees for any of these items. The availability and terms of financing will depend on factors like the availability of financing generally, your credit worthiness, collateral you pledge, policies of your lending institution, and economic conditions in your area.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases. We have the right to require that Approved Products, other products, Proprietary Ingredients, supplies (including chemicals), furniture, fixtures, equipment, and services (collectively, **"Goods"**) that you purchase for resale or purchase or lease for use in your Restaurant: (i) meet specifications that we establish from time to time; (ii) be a specific brand, kind, or model; (iii) be purchased or leased only from Approved Suppliers; (iv) be purchased or leased only from a single source that we designate (which may include us or our affiliates or a buying cooperative organized by us or our affiliates); and/or (v) be purchased as part of a purchasing program, arrangement, or contract that we negotiate or specify. We may add or change Approved Suppliers at any time.

You must purchase all of your requirements of Proprietary Ingredients, Proprietary Products, and proprietary uniforms, signs, menu boards, smallwares, materials, supplies, paper goods, equipment, and packaging (collectively, the **"Proprietary Goods"**) from us, our affiliates, or our designated Approved Suppliers. The Proprietary Goods include printed paper, paper products, and plastic products bearing our Proprietary Marks (including, for example, dishes, containers, cartons, bags, napkins, and packaging supplies). We may require you to purchase certain trademarked product lines consisting of t-shirts, apparel, mugs, and other merchandise and products bearing the Proprietary Marks (**"Trademarked Product Lines"**) from us, our affiliates, or our designated Approved Suppliers. In addition, if we conduct test marketing to determine consumer trends and the salability of new food or non-food products and services, you may be required to purchase a reasonable quantity of test products we specify from designated Approved Suppliers.

For any proposed site, we may require you to obtain a site selection analysis from an Approved Supplier, which may include an analysis of such factors as traffic patterns, demographics and competitors within the market. As you design and construct your Restaurant, you must hire an architect that we accept in writing to prepare your plans and make any necessary changes to our standard layout and specifications. In addition, you must hire a licensed and insured general contractor that we accept to complete the build-out of your Restaurant. Our acceptance of your architect or general contractor will not in any way be our endorsement of your architect or general contractor or render us liable for your architect's or general contractor's performance. When you refresh or remodel your Restaurant, we may require you to obtain, at your expense, a site survey and design solution from us, our affiliates, or a designated vendor.

You must purchase and install, at your expense, all fixtures, furnishings, equipment (including a Computer System), décor and signs, as we direct. If we modify our menu, we may require you to purchase additional equipment to prepare and store new menu items. You may not install on or about your Restaurant any merchandise, furnishings, interior or exterior décor items, supplies,

fixtures, equipment or utensils unless they have been approved by us in writing. You must purchase these items only from an Approved Supplier, unless we specify otherwise.

You are required to purchase most of the components of the Computer System that we specify from Approved Suppliers. Currently, we have Approved Suppliers for our POS System and for certain software that you must use in your Restaurant, including the Learning Management System. We also require you to use designated Approved Suppliers for point-to-point encryption ("**P2PE**") solutions (hardware and software) that are used in cooperation with your POS System to provide secure and compliant payment processing services. If we require you to use any proprietary software or to purchase any software from a designated vendor, you must execute any software license agreements that we or the licensor of the software require and any related software maintenance agreements. We may require you to maintain certain network connections, which may include using an Internet Service Provider or other communications provider that we approve or designate. Currently, we require you to obtain POS System support services from our affiliate. We may require you to maintain other support service contracts and/or maintenance service contracts from us, our affiliates, or designated Approved Suppliers.

We require you to accept major credit cards (Visa, MasterCard, American Express, and Discover) for customer purchases, participate in our Gift Card and Loyalty Programs, and participate in our in-shop mobile and online ordering program. These programs may require that you invest in additional equipment and incur fees from the credit card processing vendors, gift card processing vendors, and other hardware and software vendors that we designate.

We require you to purchase and maintain specific types of insurance coverage as described in more detail in the Franchise Agreement and the Manuals from insurance companies that meet our minimum Standards. We also specify the minimum amounts of insurance coverage you must maintain. All insurance policies must name us and others we designate as additional insureds. You must provide us with evidence of your insurance coverage before you begin operations at your Restaurant, upon annual renewal of your insurance, and otherwise within 10 days of our demand for proof. We reserve the right to obtain a master insurance policy on behalf of the System for certain types of coverage and require you to pay all or a portion of your proportionate share of coverage under the master policy to us or our Approved Supplier.

We have a beverage arrangement for the supply of fountain beverages and other drinks. You must execute a Franchisee Participation Agreement, which is attached in Exhibit C to this Disclosure Document.

Currently, except as otherwise detailed above, you may purchase the remainder of the Goods that you use in your Restaurant from any source, as long as the Supplier and the Goods meet our minimum Standards. We may designate any Supplier as ineligible to supply Goods to you in our sole discretion. Further, we may designate one or more Approved Suppliers for any Goods upon written notice to you.

We or Our Affiliates as Approved Suppliers. Except as set forth in this paragraph, neither we nor our affiliates are currently Approved Suppliers for any Goods that you are required to purchase or lease. FSC provides supply chain, quality assurance, distribution, and logistics services to franchisees, and FBRI administers our gift card program, although neither are Approved Suppliers for any Goods. We and our affiliates reserve the right to become an Approved Supplier or the only Approved Supplier for any Goods in the future.

Interest in Approved Suppliers. Except through an interest in us or our affiliates, none of our officers owns any interest in any Suppliers with whom you must or are recommended to do business.

Approval Process. If you would like to offer products or use any Goods that we have not approved or to purchase or lease from a Supplier that we have not approved, you must submit a written request for approval and provide us with any information that we request. We have the right to inspect the proposed Supplier's facilities and test samples of the proposed Goods. You must pay us a charge not to exceed the reasonable cost of the inspection and our actual cost of testing the proposed Goods or evaluating the proposed Supplier, including personnel and travel costs, whether or not the Goods or Supplier is approved. We have the right to grant, deny, or revoke approval of Goods or Suppliers based solely on our judgment. We will notify you in writing of our decision as soon as practicable following our evaluation. If you do not receive our approval within 90 days after submitting all of the information that we request, our failure to respond will be deemed a disapproval of the request. The products and services that we approve for you to offer in your Restaurant may differ from those that we permit or require to be offered in other Restaurants.

Before we approve a Supplier, we will require the following, among other things: (i) the Supplier must demonstrate that it is able to supply the item to you in accordance with our Standards, including our Standards as to the artwork and text on the items; (ii) if the Supplier is to receive access to any of our Confidential Information (as defined below), Trade Secrets (as defined below), or intellectual property, including, logos, the Supplier must sign a confidentiality agreement and/or our standard form license agreement we prepare; (iii) the Supplier must demonstrate that it is in good standing in the business community with respect to its financial soundness and the reliability of its products or services; and (iv) the Supplier must sign all agreements we require our Suppliers to sign at that time.

We may re-inspect the facilities and Goods of any Approved Supplier and revoke approval of the Goods or Supplier if any fail to meet any of our then-current criteria. If you receive a notice of revocation of approval, you must cease purchasing or leasing the formerly-approved Goods or any Goods from the formerly-approved Supplier and you must dispose of your remaining inventory of the formerly approved Goods as we direct. If we revoke approval of an Approved Product that you have been selling to customers or service that you have been using or offering to customers, you must immediately discontinue using or offering the service and may continue to sell the formerly-approved product only from your existing inventory for up to 30 days following our disapproval. We have the right to shorten this period if, in our opinion, the continued sale of the product would prove detrimental to our reputation. After the 30-day period, or such shorter period that we may designate, you must dispose of your remaining inventory of the formerly-approved product as we direct.

Issuance of Standards and Specifications. We have established Standards for many of the Goods that a typical Restaurant uses or offers for sale. To the extent that we establish Standards, require approval of Suppliers, or designate Approved Suppliers for particular Goods, we will publish our requirements in the Manuals or otherwise in writing. We may, at any time, in our discretion, change, delete, or add to any of our specifications or quality Standards. Such modifications, however, will generally be uniform for all franchisees. We will make available to you, via electronic means or otherwise, any changes to our Manuals or Standards.

Payments from Required Purchases. We and our affiliates may receive payments based on your purchases and leases, including, without limitation, from charging you for Goods we or our

affiliates provide to you and from promotional allowances, volume discounts, and other payments made to us by Suppliers, distributors, or third parties. If we, our affiliates, or third parties acting under our direction arrange for manufacturers to sell the Goods directly to our Approved Suppliers to then sell them to you, then we and/or our affiliates will have the right to receive payments and other consideration from the Approved Suppliers, distributors, and/or such third parties for these sales. We or our affiliates also may derive revenue from the licensing of the Proprietary Marks to third-party manufacturers who in turn sell the products bearing the Proprietary Marks to distributors or others, who then sell the products to our franchisees and to other third parties. We or our affiliates may also receive payments from leasing or subleasing, from time to time, any Restaurant premises to franchisees.

We and our affiliates may use all amounts received from Suppliers, distributors, or third parties, whether or not based on your and/or other franchisees' actual or prospective dealings with them, without restriction for any purposes we or our affiliates deem appropriate.

During the fiscal year ended December 25, 2022 ("**Fiscal Year 2022**"), we received payments totaling $3,380,364 from Approved Suppliers. During Fiscal Year 2022, (i) SFL received payments totaling $1,844,835 from Approved Suppliers, all of which was deposited in the Ad Fund for the entire brand's benefit, (ii) SFL received $345,600 from our franchisees for support fees associated with our POS System, and (iii) Focus Systems received $4,330,231 in payments from Approved Suppliers related to purchases made by our franchisees, as well as purchases made by franchisees of other franchise systems in the Focus Brands Portfolio. These figures are unaudited and internally generated.

In administering our gift card program, FBRI receives an administration fee based on the gross gift card sales made. During Fiscal Year 2022, FBRI collected $12,681 in revenue from providing products or services to our franchisees in connection with the gift card program.

Currently, Focus Systems and FSC provide supply chain, quality assurance, distribution, and logistics services for our franchise system. These services include negotiating with Suppliers for the sale of Goods and Proprietary Goods to distributors who will sell and distribute these items to the franchisees, appointing one or more distributors to service our franchisees (the "**Appointed Distributors**"), and managing the inbound distribution logistics associated with direct shop delivery between distributors and franchisees. Focus Systems and FSC recover costs related to performing these services by collecting a per-case distribution fee for all cases sold by the Appointed Distributors to our franchisees and from other logistics-related programs. Focus Systems and FSC have this same arrangement with the other franchise systems within the Focus Brands Portfolio. During Fiscal Year 2022, collectively for all franchise systems within the Focus Brands Portfolio, Focus Systems and FSC together collected approximately $6,691,261 in distribution case fees and logistics savings.

Proportion of Purchases Subject to Specifications. Currently, we estimate that your purchases from Approved Suppliers and otherwise under our Standards will be about 80% of the total purchases and lease of products and services needed to establish the Restaurant and about 85% of the total purchases and leases of products and services needed to operate a Restaurant.

Cooperatives and Purchasing Arrangements. Currently, neither we nor SFL have arranged any purchasing and/or distribution cooperatives, associations, or programs (collectively, **"Purchasing Programs"**) among our franchisees. We have the right to form Purchasing Programs at any time. If we do form a Purchasing Program, you must (i) become a member by the deadlines we specify, (ii) remain a member in good standing of the Purchasing Program

throughout the term of your Franchise Agreement, and (iii) pay all reasonable membership fees assessed by any Purchasing Programs.

We may, but are not required to, use the services of a food broker to negotiate purchase arrangements, monitor Suppliers, conduct inspections, and carry out various other services related to Suppliers. Although we are not required to, we (or our food broker) may, on occasion, negotiate purchase arrangements with various Approved Suppliers, including equipment and food product manufacturers, some of which operate on a large-scale basis, regarding the purchase, sale, pricing, and/or delivery of Goods for the Restaurants with the intent to benefit the System; these arrangements may affect your Restaurant differently than other Restaurants. The negotiated purchasing arrangements may include special contract pricing and volume discounts. There can be no assurance that special pricing or terms will be available; any negotiated arrangements may be discontinued at any time.

Our affiliate, FSC, has negotiated certain purchasing arrangements for our franchisees. You may purchase your entire requirements (or lesser amount that we may designate) of Goods used in the Restaurants through Appointed Distributors, taking advantage of any purchasing and logistical arrangements that FSC has negotiated. We may change our distribution arrangements and purchasing arrangements in the future.

Material Benefits. We provide you with no material benefits (like renewal or granting additional franchises) based upon your purchase of particular products or services or your use of designated or Approved Suppliers.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	5	5, 6, 7, 8, 11 and 12
b. Pre-opening purchases/leases	5, 6, 7, 10, and 12.8	5, 7, 8, 11 and 12
c. Site development and other pre-opening requirements	5, 6, and 7	7, 8, 11 and 12
d. Initial and ongoing training	11 and Schedule A – 23.D. and 23.E.	11
e. Opening	6.5 and 17.2.I.	11
f. Fees	3, 5.4.A., 5.4.E., 5.5.B., 6.2.B., 6.5.D., 8.3, 8.6, 10.1, 10.2, 10.3, 10.4, 11., 12.2, 12.4, 12.6.C., 12.8, 12.9, 12.11, 16.3, 16.4, 16.5, 16.6, 16.8, 17.5.D., 17.5.F., 18.1, 18.2, 18.3, 19.3, and Schedule A – 23.B.	5 and 6

Obligation	Section in Franchise Agreement	Disclosure Document Item
g. Compliance with Standards and policies/the Manuals	8 and 12	8, 11, 15, and 16
h. Trademarks and proprietary information	9 and 15	13 and 14
i. Restrictions on products/services offered	7 and 8	8 and 16
j. Warranty and customer service requirements	8.6	Not Applicable
k. Territorial development and sales quotas	Not Applicable	12
l. Ongoing product/service purchases	7, 12.8, 12.9, and 12.11	6 and 8
m. Maintenance, appearance and remodeling requirements	2.2.B.(i), 6, 12.5, 12.6, and 16.3.F.	11
n. Insurance	13.2 and 13.3	6, 7, 8, and 11
o. Advertising	10 and Schedule A – 23.B. and 23.C.	6 and 11
p. Indemnification	13.1	6
q. Owner's participation/management/ staffing	12.7 and Schedule A – 23.A.	15
r. Records and reports	14	6
s. Inspections and audits	6.2, 6.5, 7.3, 7.4, 12.2, 12.3, 14, and 17.3.A.	6
t. Transfer	16	6 and 17
u. Renewal	2.2	6 and 17
v. Post-termination obligations	18	17
w. Non-competition covenants	15 and Schedule B	17
x. Dispute resolution	19 and 22.5	6 and 17
y. Personal Guaranty	1.4 and Schedule C	Not Applicable

ITEM 10

FINANCING

We do not offer financing for trade fixtures, opening inventory, or any other purpose.

We may refer you to leasing or financing companies not affiliated with us. We and our affiliates receive no fees or other financial benefits from any lender for your financing. Currently, we will

not guarantee your note, lease, or obligation, for any lender, or any other person or entity. We may engage an advisor to provide consulting services to franchisees to assist them with securing financing and we may pay the advisor for this assistance to franchisee. We will not be responsible for the consultant's provision of services to you and if you choose to use the consultant, you must sign the consultant's form of agreement. You will not be required to participate in any financing program that we implement.

We participate in the SBA's Franchise Directory. We may modify the Franchise Agreement, if necessary, to comply with SBA requirements for you to participate in certain SBA loan programs.

We may sell, assign, or discount to a third party any note, financing-related contract or other instrument you give to us.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

As noted in Item 1, we have entered into a management agreement with Focus Brands for the provision of certain support and services to Schlotzsky's franchisees. Focus Brands may delegate certain of these responsibilities to SFL, the previous franchisor of Schlotzsky's franchises. However, we remain responsible for all of the support and services required under the Franchise Agreement.

Our Pre-Opening Obligations

Before you open your Restaurant, we will fulfill the following obligations:

1. Site Selection Review. We will review the location you select for your Restaurant and accept it if it meets our minimum site criteria, at which point it will become the Accepted Location**.** You may not acquire the Accepted Location until we have accepted it. If you and we have not agreed on an Accepted Location at the time we sign the Franchise Agreement, you must select a location that complies with our site selection criteria within a geographic area that we specify. For any proposed site, we may require you to obtain a site selection analysis from an Approved Supplier, which may include an analysis of such factors as traffic patterns, demographics, and competitors within the market, and provide us with a copy of this analysis. We estimate the cost for this site selection analysis will be $2,500 to $5,000. We consider the following factors in determining whether to accept sites: population density and demographics, traffic flow, pedestrian traffic counts, visibility, parking, access, household income, and local competition, including other Restaurants. There is no time limit for us to approve or disapprove of a site. (Franchise Agreement, Section 5.1)

While we may assist you in selecting a proposed site, we are not obligated to do so. We or our affiliates typically do not lease or sublease locations for Restaurants, but we may do so from time to time. (Franchise Agreement, Section 5.2)

We expect you to retain an independent expert to evaluate the suitability of a proposed site and to conduct your independent investigation of the site. We disclaim any responsibility for the suitability of the Accepted Location. Our acceptance of the site is based on the site satisfying our minimum site selection criteria only, and will not be construed as a representation or warranty that the Restaurant located at the Accepted Location will be successful. (Franchise Agreement, Section 5.3)

2. Site Agreement. You must deliver a copy of the signed lease, sublease, or other rental agreement for the location (the **"Lease"**) or purchase agreement for the location (the **"Purchase Agreement"** and, collectively with the Lease, the **"Site Agreement"**) to us with all material terms specified therein. You will be solely responsible for negotiation of the terms of the Site Agreement and performance under the Site Agreement. We will have the right, but not the obligation, to review your Site Agreement prior to its execution to verify its compliance with our requirements. (Franchise Agreement, Section 5.4)

3. General Contractor. You must hire a licensed and insured commercial general contractor (**"General Contractor"**) to complete the build-out of your Restaurant, and the General Contractor must be accepted by us. Our acceptance of your General Contractor will not in any way be our endorsement of your General Contractor or render us liable for your General Contractor's performance. (Franchise Agreement, Section 6.1)

4. Architectural Plans. We will provide a sample layout and specifications for the Restaurant. You must, at your expense, employ a licensed architect that we accept in writing and licensed engineers (e.g., mechanical, electrical, plumbing, or structural engineers) as necessary to prepare your Architectural Plans. We will review your proposed architect and Architectural Plans. Our acceptance of your architect will not in any way be our endorsement of your architect or render us liable for your architect's performance or your architect's compliance with professional design standards or adherence to local codes. Our review of the Architectural Plans is limited to ensuring your compliance with our Standards and is not designed to assess structural integrity or compliance with applicable laws. After our initial review of your Architectural Plans at no cost and our review of one revised set of Architectural Plans that incorporate our required changes at no cost, we may charge a fee of $1,000 for each set of drawings we review that include any other modifications from the plans that we have previously accepted. We must accept your Architectural Plans in writing prior to you submitting them for permits and beginning construction. We may inspect your Restaurant when construction is finished to make sure that it meets all of our Standards and requirements. You may be required to periodically provide photographs of your construction progress from the time you commence construction until the time that you open your Restaurant. You may not open the Restaurant until we provide our consent in writing. (Franchise Agreement, Sections 6.2, 6.3, and 6.5)

5. Goods. We will furnish you with any specifications for Goods, to the extent that we publish such specifications. (Franchise Agreement, Sections 7.1. and 7.2)

6. Approved Suppliers. We will identify Approved Suppliers for all Goods required to be used in the Restaurant and use reasonable efforts to fulfill or cause Approved Suppliers to fulfill your orders for Goods on a timely basis. If we, our affiliates, and/or our Approved Suppliers cannot supply customers (including yourself and other franchisees) with the quantity and type of Goods that they request, then we will try to allocate the available quantities and types of Goods on an equitable basis among businesses seeking to purchase the Goods. If you do not receive Goods from us, our affiliates, or our Approved Suppliers, this will not be our breach of the Franchise Agreement, nor will we, our affiliates, or our Approved Suppliers be liable to you for this. (Franchise Agreement, Section 7.1.B.)

7. Manuals and Advice. We will share with you our know-how in operating a Restaurant and grant you electronic or other access to our Manuals and content containing the information, methods, techniques, and specifications for the operation of a Restaurant. See "Manuals," below in this Item. (Franchise Agreement, Section 8.1)

8. Management Training Program. We will provide initial training in the System and our policies and procedures to your trainees. See "Training," below in this Item. (Franchise Agreement, Section 11.A.)

9. Approve Grand Opening Materials. We will approve or disapprove, in writing, any materials that you proposed to use in grand opening advertising promoting the opening of your Restaurant. You must obtain our written approval for the grand opening advertising plan at least 30 days prior to your grand opening. We may delay your opening if we have not approved your grand opening advertising plan at least 30 days prior to your opening date. (Franchise Agreement, Section 10.1.C.)

10. Approve Opening. We will approve the opening of your Restaurant, provided you have met your pre-opening obligations. We estimate that the typical time between signing the Franchise Agreement and opening your Restaurant is 6 to 12 months. Factors affecting this time include attendance at, and satisfactory completion of, the Management Training Program; obtaining the Lease; obtaining all necessary permits; completion of construction; and delivery and installation of equipment and supplies. You must (i) identify the Accepted Location, (ii) obtain our acceptance of the Accepted Location, (iii) sign any documentation we require to document the Accepted Location, (iv) obtain our acceptance of a Lease for the Accepted Location, and (v) sign the accepted Lease for the Accepted Location or otherwise acquire the ownership rights to the Accepted Location within 150 days after you sign the Franchise Agreement (the "**Site Approval Deadline**"). You must submit to us a complete set of final Architectural Plans and begin construction at the Accepted Location within 270 days after we sign the Franchise Agreement (the "**Construction Start Deadline**"). You must open your Restaurant within 360 days after we sign the Franchise Agreement (the "**Opening Deadline**"). We may, in our sole discretion and upon your request, grant you an extension to any of these deadlines for a fee. We may terminate your Franchise Agreement (without refunding the Initial Franchise Fee) if you fail to meet the Site Approval Deadline or the Construction Start Deadline and fail to cure such failure within 30 days or if you do not meet the Opening Deadline. (Franchise Agreement, Section 6.5)

Obligations After Opening

During the operation of your Restaurant, we will fulfill the following obligations:

1. Approved Suppliers. We will continue to identify Approved Suppliers for Goods to be used in your Restaurant. (Franchise Agreement, Sections 7.1 and 7.2)

2. Review Proposed Suppliers and Goods. If you would like to offer products or use any Goods that we have not approved or to purchase or lease from a Supplier that we have not approved, you must submit a written request for approval and provide us with any information that we request, which we will review and approve or disapprove. See Item 8. (Franchise Agreement, Sections 7.3)

3. Ad Fund Management. We will manage the Ad Fund as described below in this Item. (Franchise Agreement, Section 10.3)

4. Update Standards and Manuals. We will provide you with notice of any changes to our specifications, Standards, or the Manuals. You must immediately adopt any supplements to the Manuals that we provide to you. (Franchise Agreement, Section 8.3)

5. Review Advertising. We will approve or disapprove any of your proposed Advertising and Promotional Content (as defined below) that requires our prior written approval. (Franchise Agreement, Section 10.1.B.)

6. Support Services. We will furnish you with those support services we consider advisable. We may provide these services on-site, off-site, by telephone, or through other means. Timing will depend on the availability of our personnel. (Franchise Agreement, Section 11.5)

7. Relocation Review. We will evaluate sites to which you propose to relocate your Restaurant in accordance with the site selection criteria provisions described above in this Item. (Franchise Agreement - Section 5.5)

8. Remodeling Review. We will review and approve or disapprove your general contractor and proposed replacement designs, furniture, fixtures, equipment, and décor when you refresh or remodel your Restaurant. (Franchise Agreement - Section 12.6)

Advertising

Our Advertising. We are not obligated to conduct any advertising. We may periodically formulate, develop, produce, and conduct, at our sole discretion, advertising or promotional programs in such form and medium as we determine to be most effective. We may make available to you for you to purchase approved advertising and promotional materials, including signs, posters, collaterals, etc. that we have prepared.

Ad Fund. We will allocate your Advertising Contribution to a fund for the advertising and promotion of the Restaurants, the Proprietary Marks, and the System (the "**Ad Fund**"). Currently, you must make a monthly Advertising Contribution to the Ad Fund in the amount of 4% of Net Sales. We may, however, increase the Advertising Contribution by notice to franchisees up to an additional 1% (up to a total of 5% of Net Sales) at any time. Your Advertising Contribution is in addition to your Local Marketing Obligation and your Grand Opening Obligation (as defined below).

We currently do not, and are not required to, maintain the Ad Fund, Advertising Contribution you paid, or income earned from contributions to the Ad Fund in a separate account from our other money. Our Restaurants will contribute to the Ad Fund in the same manner and in the same amounts as similarly-situated franchised Restaurants. Our other franchisees may not be required to contribute to the Ad Fund, may be required to contribute to the Ad Fund at a different rate than you, or may be required to contribute to a different advertising fund.

We or an affiliate will administer the Ad Fund. We have sole authority to direct all advertising programs and promotions and uses of the Ad Fund, with sole control over the creative concepts, materials, and media used in the programs, and the placement and allocation of advertising. We reserve the right to use any media, create any programs, and allocate advertising and promotional expenditures to any regions or locales we deem appropriate.

We may use the Ad Fund to meet the costs of administering, preparing, and conducting national, local, or regional advertising, promotional, or brand building programs of any kind, including the cost of (i) preparing and conducting television, radio, magazine, newspaper, and digital advertising campaigns and other public relations activities (including, but not limited to, for purposes of brand reputation management), (ii) employing public relations firms and advertising agencies to assist in these activities, and (iii) conducting other activities that are directly or

indirectly designed to promote the System, its franchisees, and/or increase System sales, such as limited-time menu offerings, crew incentives, franchisee incentive and/or promotional programs, customized materials (e.g., cups), up-sell programs, guest response programs, manager/employee recognition programs, quality assurance and food safety programs, mystery shop and shopper programs, brand websites and ordering platforms, brand applications, social media account administration and promotion, and in-store equipment and technologies related to such marketing programs. We may use the Ad Fund to compensate us for the reasonable administrative costs and overhead we incur in activities related to advertising and promotional programs, including new product development; market research; preparing advertising and promotional materials; Digital Marketing (as defined below); working with public relations firms, advertising agencies, advertising placement services, and creative talent; reimbursing franchisee advisory council meeting expenses; developing and maintaining, and paying third parties for the development and maintenance of, internet sites, applications, and other equipment and technologies related to marketing programs.

The advertising and promotions that we conduct are intended to maximize general public recognition and patronage of the System generally in the manner that we determine to be most effective. We reserve the right to use any media, create any programs, and allocate advertising and promotional expenditures to any regions or locales we deem appropriate. We will not spend the Ad Fund in a manner that (i) exclusively benefits our licensees that manufacture and sell Approved Products, if any, or (ii) is principally a solicitation for the sale of franchises. We have no obligation to make expenditures from the Ad Fund that are equivalent or proportionate to your contributions, ensure that you benefit directly or proportionately in any amount from the placement of advertising, or ensure that any advertising impacts or penetrates your area.

Currently, we use one or more national and/or regional advertising agencies, as well as our in-house marketing department, to develop and produce our marketing materials. In Fiscal Year 2022, 43% of the Ad Fund was spent on media placement (including tv, radio, print, digital, and social media placement); 26% on production and agency fees (including promotions, press relations, agency retainer fees and creative services, market research fees, and digital team salaries); 3% on menu innovation, guest response programs, and quality assurance programs; 24% on brand and category marketing expenses (including salaries of marketing personnel); and 4% on administrative expenses.

We are not required to have an independent audit of the Ad Fund completed. We will provide you with an annual summary of the expenditures of the Ad Fund on your reasonable request but are not required to prepare financial statements for the Ad Fund. If any monies in the Ad Fund remain at the end of a fiscal year, they will carry-over in the Ad Fund into the next fiscal year. Any amounts that we or our affiliates contribute to the Ad Fund in excess of the required Advertising Contributions for Restaurants that we or they operate and any spending on advertising that we or they make in excess of the amounts then available in the Ad Fund will be considered an advance from us or our affiliates to the Ad Fund. We and/or our affiliates have the right to be reimbursed from the Ad Fund any amounts that are advanced to the Ad Fund.

We intend for the Ad Fund to be perpetual; however, after all of the Ad Fund contributions have been spent for the purposes described above, we may terminate the Ad Fund.

Advertising Council. We do not have an advertising council composed of franchisees that is involved in decision making on advertising issues, but the Franchise Advisory Council ("**FAC**") provides us suggestions on advertising issues. The FAC is advisory only and does not have decision-making authority. At a minimum, a majority of the members of the FAC are franchisees

in good standing who are nominated and elected by other franchisees, and the remainder of the members are franchisees or other representatives who may be appointed by us. We have the power to form, change, or dissolve the FAC or any other advertising or advisory council at any time.

Local Advertising Groups (LAGs). We have the right to require LAGs or regional advertising groups to be formed, changed, dissolved or merged. We have the right to designate geographic areas (that may be television markets) or to group together areas or Restaurants having similar characteristics and similar advertising and marketing needs for purposes of establishing LAGs to assist with local and regional advertising and marketing programs.

You must become a member of the LAG designated for the location of your Restaurant, if any, even if you are the sole member. If we collect your entire Local Marketing Obligation, we will not require you to participate in a LAG. You must participate in promotional programs your LAG establishes that may require you to make expenditures.

Your LAG will determine the amount of any contribution that you must make directly to the LAG. We may contribute to a LAG, including monies from advertising contributions we collect for the Ad Fund and vendor contributions we receive, but we are not required to do so. Other franchisees and our company-owned Schlotzsky's restaurants contribute to LAGs in the same manner that you will contribute.

We have established rules, including governing documents, for LAGs, and you must comply with these rules to receive and/or use the funds. They are available for review on request. In addition, each individual LAG may have additional governing documents that you may request.

We have the right to direct a LAG to modify its governing documents, cease operations, modify its geographic area or merge or dissolve. We may require LAGs to prepare annual or periodic financial and other reports that may be made available for you for review. We will make the final decision on marketing and advertising by the LAGs and must approve any advertising materials the LAG uses. We may manage a LAG's funds, either at the given LAG's request or as we otherwise require.

Local Advertising, Marketing, and Promotion. Except as otherwise provided in the Manuals, you may use only Advertising and Promotional Content that we have furnished or approved in writing in advance. "**Advertising and Promotional Content**" includes all advertising, marketing, promotional, customer relationship management, public relations, and other brand-related programs, materials, and content relating to the Restaurant, the Marks, or the Approved Products, including (i) any branded materials (such as business cards, signs, counter cards, banners, posters, displays, window clings, and in-store messaging), (ii) press releases, (iii) printed materials (such as leaflets, direct mail materials, coupons, and published advertisements), (iv) promotional items (such as branded specialty and novelty items, products, and clothing), (v) audio or video advertising (such as radio, television, or podcast ads or online video postings), and (vi) Digital Marketing (as defined below). You must ensure that all Advertising and Promotional Content that you or your agents or representatives develop or implement related to the Restaurant is (a) clear, factual, ethical, and not misleading, (b) complies with all laws, and (c) conforms to our Standards and the advertising and marketing policies that we periodically specify.

Currently, except for Advertising and Promotional Content we furnish to you and certain branded content social media postings, you must submit to us for our written approval, before use, copies of all proposed Advertising and Promotional Content that you intend to use or implement. We

have the right to approve or disapprove (or to require you to discontinue using) any Advertising and Promotional Content, as well as the media in which intend to use them, in our sole discretion.

Currently, to satisfy your Local Marketing Obligation, each calendar quarter, you must spend on local market advertising at least 0.5% of the Net Sales of your Restaurant. We may change the Local Marketing Obligation, provided that we must give you at least 60 days' written notice of the change. You will determine the amount of funds you spend for individual local market advertising, subject to the minimum Local Marketing Obligation. Local advertising expenditures must comply with our requirements in order to count toward the Local Marketing Obligation. If you fail to meet the Local Marketing Obligation, we will have the right to spend an amount not to exceed the Local Marketing Obligation on local advertising for you, and you must reimburse us for these expenses after receiving our invoice. Your Local Marketing Obligation is in addition to your Grand Opening Obligation (as defined below) and your required Advertising Contribution.

We have the right upon written notice to you to require you to pay all or a portion of the Local Marketing Obligation to us for us to, in our sole discretion, (a) contribute to the Ad Fund, (b) spend on national, regional, or local advertising campaigns, (c) contribute to your LAG, or (d) spend on local advertising in your market. If we exercise our right to collect your entire Local Marketing Obligation (and not just a portion of it), you will not be required to (x) spend a minimum amount on local advertising (other than your Grand Opening Obligation), (y) provide a local marketing plan, or (z) participate in, or contribute to, your LAG. We are not obligated to ensure that the Local Marketing Obligation monies that we spend are proportionate or equivalent to your contributions or that your Restaurant will benefit directly or pro rata or in any amount from the placement of advertising.

From time to time, we or your LAG (if any) may establish temporary or permanent promotional campaigns (e.g., limited time offers, gift cards, coupons, loyalty programs, customer relationship management, and other supplemental marketing programs) applicable to the System as a whole or to specific advertising market areas. You are required to participate in these promotional programs at your own cost, including the costs to purchase, lease and install all materials necessary to the promotional campaigns, including counter cards, posters, banners, signs, photographs, give-away items, and gift cards.

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

Unless we consent otherwise in writing, you may not, directly or indirectly, conduct or be involved in any Digital Marketing that use the Proprietary Marks or that relate to the Restaurant. If we do permit you to conduct any Digital Marketing, you must (i) comply with any Standards or content requirements that we establish periodically and must immediately modify or delete any Digital Marketing that we determine, in our sole discretion, is not compliant with such Standards or content requirements, (ii) only use materials that we have approved and must submit any proposed modifications to us for our approval, (iii) not use any Proprietary Mark on any aspect of the Digital Marketing (including in any domain name, address, or account) except as we expressly

permit, (iv) include any information that we require, and (v) include only the links that we approve or require. We retain the right to pre-approve your use of linking and framing between any Digital Marketing that you conduct and all other websites. If we consent to your use of the Proprietary Marks (or words or designations similar to the Proprietary Marks) in any domain name, electronic address, website, or other source identifier, we may register such names, addresses, websites, or identifiers and then license use of the registered item back to you under a separate agreement. You must pay all costs due for registration, maintenance, and renewal of any such names, addresses, websites, or identifiers that we approve and maintain on your behalf. We retain the ownership of copyright to any of the materials that you may develop for use on the Internet. We may withdraw our approval for any Digital Marketing at any time.

Grand Opening Advertising. Your Grand Opening Obligation is to spend at least $15,000 ($25,000 if your Restaurant is the first to open in a Designated Market Area) in grand opening advertising promoting the opening of your Restaurant. Of this amount, you must spend at least (i) $7,500 promoting the opening of your Restaurant between four weeks before you open the Restaurant and three months after you open the Restaurant and (ii) $7,500 promoting the opening of your Restaurant between four months after you open the Restaurant and 12 months after you open the Restaurant, which expenditure may be for prepaid advertising and marketing that occurs more than 12 months after the opening date of the Restaurant. If your Restaurant is the first to open in a Designated Market Area, the Grand Opening Obligation in (i) and (ii) in the previous sentence shall be $12,500 each.

All Advertising and Promotional Content you use for the Grand Opening Obligation and the media in which you use them, are subject to our approval. You must obtain our written approval for your grand opening advertising plan at least 30 days prior to your grand opening. We may require that you deposit the money for your Grand Opening Obligation with us at least 90 days before your open your Restaurant. We will hold these funds and will then disburse the funds either directly to you or to third parties in accordance with a grand opening advertising plan that we have approved. We may, in our sole discretion, reduce or waive the Grand Opening Obligation if your Franchised Business is located in a Captive Audience Location (as defined in Item 12).

Pricing

We may, if permitted by applicable law, establish maximum, minimum, or other pricing requirements with respect to the prices you may charge for Approved Products, including required participation in systemwide discount programs and promotions. If we do not establish such pricing requirements, then you will have the right to determine the prices you charge.

Computer and POS Systems

You must provide financial and business records and information to us according to reporting formats, methodologies and time schedules that we establish. As part of these record keeping requirements, you must install computerized Restaurant management systems meeting our Standards, as modified in response to business, operations and marketing conditions. Accordingly, you must promptly purchase, lease and/or license and install at the Restaurant, at your sole expense, the POS System, computer systems, mobile hardware, software, online ordering platform, associated computer hardware, telephone lines, network connections, communications equipment, high speed internet access (e.g. DSL or cable), credit card, gift card and loyalty card processing equipment, and other equipment that we require from time to time

(collectively, the "**Computer System**"), all of which you must keep in good maintenance and repair.

The Computer System currently includes a back-office PC, one monitor, one back office multi-function printer, between one and six POS System terminals, one firewall device, and one POS System server in addition to other related software and equipment. We estimate the total cost of the Computer System will be between $26,000 and $60,000, depending on the size and design of your Restaurant. Whether you are opening a new Restaurant or purchasing an existing Restaurant, we may, in our sole discretion, provide you with project management assistance related to, and coordinate the onboarding and configuration of, your POS System. You must pay us for such services our then-current Systems Administration Fee, which is currently estimated to be between $1,500 and $2,000. You may incur additional expenses if you require additional equipment, training, or installation services. We may require you to purchase, license, or lease additional hardware or software.

The Computer System includes a POS System that we specify, the principal functions of which are to manage permanent financial records of sales transactions at your Restaurant, cash control, inventory control, and menu and price change control, among other things. We will have electronic and manual access to certain information within the POS System and there are no contractual limitations on our right to access this information. We have developed interfaces with our preferred providers that facilitate this access. You must provide any assistance we require to integrate your POS System with our headquarters system at the earliest possible time and in the manner we prescribe. You must accurately, consistently, and completely record, structure, capture and provide all required information through your POS System in accordance with all applicable laws and protect such information as required.

To maintain a consistent reporting system, you must purchase or lease and use a POS System specified by us from an Approved Supplier. We estimate that the initial cost to you for the POS System and related necessary equipment, including equipment, currently ranges from $24,000 to $56,000, depending on the number of terminals, travel costs, and other logistical factors. We or the POS System vendor may require you to purchase, license, or lease additional hardware or software. In addition, you may incur additional expenses if you require or would like additional equipment, training, or installation services.

In addition, there may be ongoing license, maintenance, and service fees associated with the maintenance and operation of the POS System. You must maintain your POS System and keep it in good repair and procure any services necessary for the POS System to communicate with our system. We currently require you to obtain the required support and maintenance service from us or our affiliate by signing the POS System Support Services Agreement attached in Exhibit C to this Disclosure Document. Currently, we estimate that you will pay monthly license and support fees that when aggregated on an annual basis will be between $7,200 and $13,500 (not including certain per transaction fees), including POS System license fees, P2PE software license fees, the POS System Support Fee, and the Back Office and Polling Software Fee. These fees are subject to change.

You are required to purchase a dedicated iPad® or Windows® tablet/computer that meets the hardware and software specifications necessary to use our Learning Management System. This tablet will be used to deliver training materials, digital recipes, videos, communication, and engagement activities digitally. You may be required to pay us, our affiliates, or an Approved

Supplier an annual license fee to use the Learning Management System, but such license is currently paid for by the Mar-Tech Fee.

You must dedicate a high-speed broadband connection that meets our specifications for the sole purpose of supporting your Computer System. Any other technology options, such as satellite, cellular, etc. must be approved by us before you order service with a provider. We may require you to use an Internet service provider that we approve, and we may require you to maintain a set minimum bandwidth. You also must obtain all telecommunications and computer infrastructure products required to access the Internet and to support our then-current information technology system. We or our vendors may require you to communicate, receive notices, or place orders through the Internet, including through websites or intranets, or other communication methods that we specify. We may require you to establish a Wi-Fi network for your guests, which must be separate from any networks that you use to process credit cards.

We may require that you use one or more Approved Suppliers to provide credit card data and security services that are consistent with PCI-DSS requirements, including a managed firewall, quarterly network scan, anti-virus/anti-malware software, and managed Wi-Fi. We may also require you to obtain data breach protection insurance provided by such Approved Supplier. We estimate that these services will cost between $75 and $150 per month.

The hardware, software and support services related to the Computer System are generally available through our Approved Suppliers, which may include us or our affiliates. We will consider approving, but are not required to approve, other vendors who meet our system specifications. If you wish to use another vendor, you must submit a written request to us for approval of the vendor before placing an order with the vendor. See Item 8. If we, after your request, authorize you to use a POS System other than the one described above, you must pay all the costs associated with building the interface to get your system to communicate with our system, to the extent we determine.

Except as provided under the POS System Support Services Agreement, we and our affiliates are not contractually obligated to provide any maintenance, updating, upgrading, or support contracts related to the Computer System. Other than as specified above for the POS System, we do not require you to, and do not anticipate that you will need to, enter into any maintenance, updating, upgrading, or support contracts relating to the Computer System.

We may revise our specifications for the Computer System (including the POS System) from time to time. You are contractually required to make periodic upgrades and updates to the Computer System to remain in compliance with our Standards. If it becomes advisable at any time, in our sole discretion, for us to change, upgrade, or discontinue use of any of the components of the Computer System or the model of POS System, you will comply with our directions, at your expense, within a reasonable time after notice to you. If we require you to use a different POS System, you must stop using the old POS System, purchase the new POS System, sign any required software license agreement and any required maintenance/update agreements with the vendor, pay any related POS System Support Fees, and use the new POS System. We can require you to add, substitute or replace computer hardware, memory, ports, accessories, peripheral equipment, or software, or to replace your Computer System. There are no contractual limitations on the frequency or cost of your obligation to upgrade and replace hardware and software for your Computer System.

Manuals

The Manuals contain mandatory and suggested specifications, standards and operating procedures. The Manuals are confidential, remain our property, and must be kept secure. The Manuals are currently provided electronically through the Learning Management System. Licenses to use the Learning Management System are currently paid for through the Mar-Tech Fee. We will give you an opportunity to view the Manuals in the corporate office or at another agreed-upon location before you purchase a franchise, if you so request.

Training

Below, we have described our current training program. We reserve the right to modify our training program at any time, including the timing, frequency, length, content, format, and location of training.

Management Training Program. Prior to the opening of the Restaurant, two Managers (collectively, the "**Required Trainees**") must attend and successfully complete to our satisfaction the Management Training Program. In addition, your Primary Contact must successfully complete (i) a limited version of the Management Training Program designed for Primary Contacts (the "**Primary Contact Training**"), if they will not be involved in the day-to-day operation of the Restaurant or (ii) the entire Management Training Program, if they will be a Manager involved in the day-to-day operation of the Restaurant (in which case, they will count as one of your Required Trainees). Your Directors of Operations, if any, must also attend and successfully complete to our satisfaction our Management Training Program (or a modified version of it) and any other additional training programs that we may require.

Each Manager who attends training must have restaurant management experience as an owner and/or operator in order for them to follow along with the pace of training that this program requires. All trainees must be over 18 years old. If any of your Required Trainees have previously attended and successfully completed our Management Training Program and you or they have not defaulted under any other franchise agreement with us, we may, in our sole discretion, determine that such Required Trainee is not required to attend the Management Training Program again or will be required to attend a limited version of the Management Training Program.

We are currently offering the Management Training Program up to 10 times per year. Training programs and classes are subject to space and time availability. All or certain portions of the Management Training Program may, in our discretion, be conducted online or in person at our corporate headquarters in Atlanta, Georgia or other locations authorized by us (which may include Restaurants operated by our franchisees). For the Subsequent Restaurants, if you have a Certified Training Manager (as defined below) and operate a Certified Training Restaurant (as defined below), we may, in our sole discretion, allow you to provide the Management Training Program to your Required Trainees.

Your trainees may not attend the Management Training Program until your Restaurant is under construction and you have provided us with your fully signed Lease that we have approved and evidence of the insurance that is required under your Franchise Agreement. Training programs and classes are subject to space and time availability.

For the Initial Restaurants, the Initial Franchise Fee includes the cost of the Management Training Program for your Required Trainees and the Primary Contact Training. For the Subsequent Restaurants, if we require or you elect to receive the Management Training Program from us or

our designee, you must pay us the Management Training Fee (up to $5,200 for all of your Required Trainees). We reserve the right to charge you a reasonable training fee (currently, between $650 and $2,600 per trainee, depending on the number of available openings at each training location) if (i) you elect, and we permit you, to bring additional trainees, other than the Required Trainees, to the Management Training Program, (ii) your Required Trainees are trained in separate sessions, or (iii) any of your Required Trainees fail to successfully complete the Management Training Program and re-enroll in the program or are replaced with new trainees that enroll in the program.

Your Required Trainees must attend the Management Training Program within twelve weeks of the scheduled opening date of the Restaurant. If your Restaurant opens more than twelve weeks after your Required Trainees complete the Management Training Program, we may require them to attend up to an additional week of training for our then-current training fee, since the Management Training Program and the System may have changed.

All of your Required Trainees must successfully complete our Management Training Program at least one week before you are scheduled to open your Restaurant or, if you have already opened, before they may be involved in the operation of your Restaurant. We have the right in our reasonable discretion to determine whether a trainee has successfully completed the Management Training Program. If we conclude that a Required Trainee has failed to successfully complete the Management Training Program, that Required Trainee must re-enroll in our next scheduled applicable Management Training Program. You may incur additional charges (currently, between $650 and $2,600 per trainee, depending on the number of available openings at each training location) as part of the re-enrollment for the Management Training Program. We will have the right to terminate the Franchise Agreement if, following the Management Training Program and any re-enrollment training, all of your Required Trainees have not successfully completed the Management Training Program.

In addition to completing the Management Training Program, if we determine that your Required Trainees do not have sufficient restaurant experience (we typically require six to 12 months of restaurant management experience), we may require them to participate in additional on-the-job training at a location that we designate. We also recommend that at least one of your Managers attend the opening of another franchisee's Restaurant before you open your own Restaurant. We will work with you to facilitate this experience, if requested, but you will be responsible for all associated costs.

Currently, our Management Training Program is approximately four to five weeks long and consists of the following:

MANAGEMENT TRAINING PROGRAM

Subject	Classroom Hours	On-the-Job Hours	Location
Hourly			Classroom: Online or our corporate headquarters in Atlanta, Georgia or other locations that we specify
Food Safety	15	20	
Station/Position Training	3	66	
Service Program	1	1	
Shift Management			

Subject	Classroom Hours	On-the-Job Hours	Location
Inventory	3	10	On-the-Job: Certified Training Restaurants that we specify
Ordering	1	3	
Scheduling	1	3	
Guest Recovery	4	8	
Running a successful shift	1	30	
End of Day procedures	2	6	
Administrative			
Retail Tech (all systems)	10	15	
Financials	0	11	
Reconciliation	1	3	
P&L 101	2	4	
Marketing/Off Premise			
Grass Roots Marketing	1	2	
Loyalty	1	3	
Catering and Off Premise Execution	4	15	
TOTAL	**50**	**200**	

Currently, our Primary Contact Training is approximately one to two weeks long and consists of the following:

PRIMARY CONTACT TRAINING PROGRAM

Subject	Classroom Hours	On-the-Job Hours	Location
Hourly			Classroom: Online or our corporate headquarters in Atlanta, Georgia or other locations that we specify On-the-Job: Certified Training Restaurants that we specify
Food Safety	2	3	
Station/Position Training	1	6	
Service Program	1	1	
Shift Management			
Inventory	1	2	
Ordering	1	1	
Scheduling	1	1	
Guest Recovery	1	1	
Running a successful shift	0	3	
End of Day procedures	0	2	
Administrative			
Retail Tech (all systems)	3	4	
Financials	1	2	
Reconciliation	1	2	

Subject	Classroom Hours	On-the-Job Hours	Location
P&L 101	1	1	
Marketing/Off Premise			
Grass Roots Marketing	1	2	
Loyalty	1	1	
Catering and Off Premise Execution	2	4	
TOTAL	**18**	**36**	

Instructional Materials. We use various forms of instructional materials in the Management Training Program, including classroom lectures, videos, workbook assignments, the Manuals, training guides, role-playing, and hands-on experience working in a fully operational Restaurant. We require you to bring to the Management Training Program a tablet that is dedicated to operating our Learning Management System.

Training Staff. Jessicah Pounds, the Vice President, Training, Restaurant Brands for Focus Brands, supervises and manages our training programs and the training staff. Jessicah has over 25 years of experience in the restaurant industry and has been working in training with Focus Brands since March 2013. Each training staff member has an average of approximately 11 years of experience. Other members of our staff and of our affiliates' staffs may assist in training as needed. Training staff will vary based on the training format used.

We also may authorize certain franchisees who have a Certified Training Manager (as defined below), operate a Certified Training Restaurant (as defined below), and meet other requirements that we specify to provide on our behalf all or portions of the Management Training Program in accordance with our Standards. The experience of franchisee trainers will vary.

Subsequent Trainees. Any Primary Contacts or Managers (including any Directors of Operations) you hire or appoint after the opening of the Restaurant and any other persons we designate (each a "**Subsequent Trainee**"), must attend and successfully complete our Management Training Program (or, as applicable, the Primary Contact Training) before becoming involved in the operation of your Restaurant. We may require employees that transfer to your Restaurant from another Restaurant to successfully complete the Management Training Program again. We also may require you to send additional Managers or employees to the Management Training Program if we have identified operational or performance issues at your Restaurant. We reserve the right to charge you our then-current Subsequent Trainee Management Training Fee (currently, between $650 and $2,600 per trainee, depending on the number of available openings at each training location) for each Subsequent Trainee that attends a Management Training Program that is provided by us or our designee.

On-Site Support. For your first three Restaurants (including Restaurants owned by your affiliates), the Initial Franchise Fee includes the cost of one or more of our representatives to provide on-site training and assistance (approximately seven days after you obtain the Certificate of Occupancy for such Restaurants) to facilitate the opening of such Restaurants. We will determine, in our sole discretion, the number of representatives to be provided and the number of days for which assistance will be provided. Such on-site opening training and assistance is a second phase of our Management Training Program, which you are required to complete successfully.

If you would like additional on-site training or assistance for your first three Restaurants (including Restaurants owned by your affiliates) or any on-site training or assistance for your (or your

affiliates') fourth and subsequent Restaurants, you may request such training or assistance at any time. We also may provide on-site training or assistance if we, in our sole discretion, deem it necessary. We are not obligated to provide any additional on-site training. Unless we specify otherwise, you must pay us the then-current daily On-Site Training and Assistance Fee (currently, $2,000 per week per trainer, plus their direct airfare expenses) for any such on-site training and assistance that we provide.

Training By You. Currently, we permit (and reserve the right to require) you or your affiliates to provide the Management Training Program to your trainees if you and your affiliates collectively operate two or more Restaurants. Before you or your affiliates may provide the Management Training Program to your trainees, one or more of your or their Restaurants must be certified by us as an authorized training facility (a **"Certified Training Restaurant"**) and one or more of your or their Managers must be certified by us as a trainer authorized to provide our Management Training Program to your trainees (a **"Certified Training Manager"**).

To be designated as a Certified Training Manager, a Manager must (i) complete our Management Training Program at least six months before applying for certification, (ii) maintain specific food safety programs, (iii) attend any required additional training program, and (iv) meet other qualifications that we may specify from time to time. To be designated as a Certified Training Restaurant, your Restaurant must (a) meet compliance scores that we specify, (b) fully comply with our then-current Standards, (c) employ at least two Managers, in addition to a Certified Training Manager, and (d) meet any other requirements that we may specify from time to time.

We may, in our sole discretion and at any time, (i) grant, withhold, or revoke certification for a Certified Training Restaurant or a Certified Training Manager or (ii) change the minimum requirements for certification of a Certified Training Restaurant or a Certified Training Manager. We may require Certified Training Managers to be recertified if they transfer from one Restaurant to another, if they no longer meet our then-current requirements, or annually. If a Certified Training Manager ceases to be a Manager of a Certified Training Restaurant or has their certification revoked, such Restaurant must be re-certified as Certified Training Restaurant before offering training again. A Certified Training Restaurant must have a Certified Training Manager that oversees the operations of the Certified Training Restaurant.

If we certify a Certified Training Restaurant and Certified Training Manager, such Certified Training Manager must provide our Management Training Program at a Certified Training Restaurant in accordance with our Standards for such training. If we withhold or revoke certification of your Certified Training Restaurant, we may require your trainees to attend the Management Training Program at another location that we designate and require you to pay our-then-current fee for such training.

Additional Training and Conferences. We may, from time to time, conduct conferences, conventions, programs, webinars, teleconferences, or training sessions on any matters related to the System. We will determine the duration, curriculum, and location of such additional programs, which may take the form of web-based training modules, webinars, seminars, in-person training at locations that we designate, or on-site training. Your Primary Contact, Manager(s), Owners, and supervisory personnel must attend any conferences, conventions, programs, or additional or refresher training sessions that we specify. Managers must re-certify annually through the Learning Management System. In addition, as a condition of renewing your Franchise Agreement, we may require your personnel to undergo further training. We may charge a reasonable fee (which we expect typically to range from $0 to $2,500) for these additional

programs to cover our costs of providing them. In all of these situations, your training program will typically last no more than three days.

Training Expenses. For all training programs, you must pay for all wages, travel, and living expenses, including transportation costs, meals, and lodging for you or your trainees. We will not pay compensation for any incidental services you or your trainees perform during training. You also must purchase uniforms for your trainees to be worn during training.

Cancellations. If you fail to cancel any scheduled training without at least 14 days' prior notice, or if you are not prepared to successfully participate in any scheduled training, we may charge you a cancellation fee and the cost of conducting the originally scheduled training (including any training fees and any travel and living expenses incurred by our representatives) and require you to pay an additional fee for the rescheduled training.

ITEM 12

TERRITORY

Accepted Location

Your Restaurant may only be operated at the Accepted Location. If we have not yet accepted a site for the Restaurant when we execute the Franchise Agreement, you must select a location that we accept in accordance with our site selection criteria within a site selection area that we specify. We will determine the site selection area on a case-by-case basis. You will have no exclusive or protected rights in your site selection area.

Area of Protection

You will receive a territory with limited protected rights (an "**Area of Protection**") as described in this Item. You will not receive an exclusive territory. During the term of the Franchise Agreement, we will not establish or operate, nor license any other person to establish or operate, a Restaurant operating under the Proprietary Marks and the System at any location within the Area of Protection, except in Captive Audience Locations, Delivery Kitchens, and as otherwise provided in the Franchise Agreement. "**Captive Audience Locations**" include limited access and captive audience facilities, concession departments, and other types of institutional accounts, which may include (i) airports, bus and railroad terminals, and other public transportation facilities, (ii) sports arenas, stadiums, and facilities, (iii) gasoline service stations, highway rest stops, and travel plazas, (iv) amusement parks or centers, zoos, parks, aquariums, museums, art centers, concert venues, theaters, drive-in theaters, movie theaters, amphitheaters, casinos, and other entertainment or tourist facilities, (v) supermarkets, convenience stores, department stores, outlet malls, and enclosed malls, (vi) food courts, (vii) hospitals and other health care facilities, (viii) universities, schools, and education facilities, (ix) convention centers, (x) military bases, and (xi) office buildings, business complexes, condominiums, dormitories, other high-density locations, and other similar non-restaurant locations. "**Delivery Kitchens**" include kitchens devoted to the preparation of products or Approved Products (often referred to as ghost, dark, or cloud kitchens), which may use the Marks and may deliver to customers located anywhere.

We may negotiate with you your Area of Protection. The size and scope of the Area of Protection will be in the Franchise Agreement and will be determined on a case-by-case basis. The factors that we consider in determining the size of an Area of Protection include current and projected market demand, demographics and population based on our research and experience, median

household income, presence of other businesses, location of competitors, traffic patterns, access and visibility, location of other Restaurants, our future development plans and other market conditions. These factors are assessed by us and determined based on our observation, our experience, our research on the market, and any other information that we believe is relevant for the market. There could be circumstances in which because of the location of the Restaurant, you will not receive an Area of Protection.

If we do not grant you an Area of Protection, you will not receive a protected territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

If the Accepted Location is not known when you sign the Franchise Agreement, we will designate the Area of Protection once we authorize a location for the Restaurant and the Accepted Location and Area of Protection will be documented when we accept the location. If the Accepted Location is known when you sign the Franchise Agreement, the Franchise Agreement will specify the Accepted Location for your Restaurant and the Area of Protection.

If you default under the Franchise Agreement and fail to cure the default in the applicable cure period (if any), we have the right to reduce or eliminate your Area of Protection, in addition to our other remedies. Except for as described in the previous sentence, the Area of Protection may not be altered before the expiration or termination of the Franchise Agreement. Your territorial protection is not dependent on achievement of a certain sales volume, market penetration or other factors, other than compliance with the Franchise Agreement.

Rights Outside of the Area of Protection

Except for catering services and delivery services that we may allow or require, you may only sell approved products at retail to customers who are physically present at your Accepted Location. You may not engage in the wholesale sale or distribution of any Schlotzsky's product, service, equipment, or other component, or any related product or service, without first obtaining our written consent. You may not sell products through the Internet or using any channel of distribution other than your Restaurant without first obtaining our written consent.

We require you to provide catering services and delivery services and you must do so in accordance with any restrictions and guidelines that we may establish in the Manuals or otherwise in writing. You may only provide delivery services through a TPS that we approve or designate. If a TPS is unavailable to provide delivery services for your Restaurant, you may not be required to offer delivery services, subject to our written approval. We, our affiliates, and our other franchisees may provide catering and delivery services anywhere, including near your Restaurant. We retain the right to revise and/or make exceptions to our catering and delivery policies as they apply to you and our other franchisees.

Our Reserved Rights Under the Franchise Agreement

Under the Franchise Agreement, we and our affiliates retain all the rights that we do not specifically grant to you. Among the rights that we retain are the following (the following list is only for purposes of illustration and is not meant to limit our rights):

(i) If you have not been granted an Area of Protection, we and/or our affiliates may establish or license franchises and/or company-owned businesses offering products or services that are

similar or identical to the Approved Products using the System or elements of the System under the Proprietary Marks or any other marks anywhere, including near your Accepted Location.

(ii) If we have granted you an Area of Protection, we and/or our affiliates may establish or license franchises and/or company-owned businesses offering products or services that are similar or identical to the Approved Products using the System or elements of the System under the Proprietary Marks or any other marks anywhere outside of the Area of Protection or in Captive Audience Locations inside or outside the Area of Protection.

(iii) We and/or our affiliates may, whether inside or outside any Area of Protection, produce and/or sell Approved Products or any other products or services, and authorize others to produce and/or sell Approved Products or any other products or services, using the Proprietary Marks, the System, and any other marks and/or systems we desire through any alternative channel of distribution located anywhere, including to and through (a) supermarkets, convenience stores, club stores, and other retail facilities not dedicated to the sale of the Approved Products, (b) mail order and e-commerce channels, and (c) Delivery Kitchens.

(iv) We and/or our affiliates may advertise, or authorize others to advertise, using the Proprietary Marks anywhere, including inside and outside any Area of Protection.

(v) We and/or our affiliates may acquire, be acquired by, or merge with another entity with existing businesses or franchises that are similar to or competitive with the Restaurants anywhere (including inside and outside the Area of Protection (if any)) and (a) convert the other businesses to be Restaurants operating under the Proprietary Marks and the System (except inside your Area of Protection (if any)), (b) permit the other businesses to continue to operate under another name anywhere (including inside your Area of Protection (if any)), and/or (c) permit the businesses to operate under another name and convert your Restaurant and other existing Restaurants to such other name.

Other Restaurants near your Restaurant that are already in existence or opened later under Franchise Agreements also may (i) compete directly with you, (ii) provide services in close proximity to your Restaurant without compensating you, and (iii) possibly adversely affect the operation of your Restaurant. We may open or franchise new Restaurants near your Restaurant (but outside your Area of Protection) without consulting you or giving you the first right to open them. These Restaurants may compete directly with you.

Except as described in Item 1, we do not operate or franchise, or currently plan to operate or franchise, any business under a different trademark that sells or will sell goods or services similar to those that our franchisees sell. However, our affiliates, including the Affiliated Programs described in Item 1 and other portfolio companies that currently are or in the future may be owned by private equity funds managed by Roark Capital Management, LLC, may operate and/or franchise businesses that sell similar goods or services to those that our franchisees sell.

Item 1 describes our current Affiliated Programs that offer franchises, their principal business addresses, the goods and services they sell, whether their businesses are franchised and/or company-owned, and their trademarks. All of these other brands (with limited exceptions) maintain offices and training facilities that are physically separate from the offices and training facilities of our franchise network. Most of the Affiliated Programs are not direct competitors of our franchise network given the products or services they sell, although some are, as described in Item 1. All of the businesses that our affiliates and their franchisees operate may solicit and accept orders from customers near your business. Because they are separate companies, we

do not expect any conflicts between our franchisees and our affiliates' franchisees regarding territory, customers and support, and we have no obligation to resolve any perceived conflicts that might arise.

Developing Additional Restaurants

If you sign multiple Franchise Agreements at the same time, you will also sign a Multi-Unit Addendum that outlines the site selection area for each Restaurant to be developed under the Franchise Agreements and the development deadlines for such Restaurants. The site selection areas will be determined on a case-by-case basis. Your site selection areas will not be exclusive. You will only receive protected territorial rights after you and we accept a site for the Accepted Location for each Restaurant and sign an addendum to the Franchise Agreement that modifies the Accepted Location and includes an Area of Protection for such Restaurant.

Except as provided in any Multi-Unit Addendum, you will have no right of first refusal and you will not have any similar rights to acquire additional franchises or establish additional Restaurants.

Relocation of the Restaurant

You may request to relocate your Restaurant if you lose the right to operate at the Accepted Location or provide other business justifications for the relocation. You may not relocate your Restaurant unless we approve the relocation in advance in writing. We have not established a set of conditions or criteria under which we evaluate or approve relocation requests, except that you must comply with our site approval process, must be in compliance with all terms of the Franchise Agreement, and must have the funds available to relocate the Restaurant and to construct a new Restaurant according to our then-current design standards. We are under no obligation to approve a proposed relocation of the Restaurant. If you lose the right to occupy the premises where you are operating your Restaurant, we may elect, in our sole discretion, to terminate your Franchise Agreement.

If we approve your request to relocate, in our sole discretion, then (i) the Site Agreement for the new location must comply with the Franchise Agreement, (ii) you must de-identify the former site, (iii) we may charge you a Relocation Fee (see Item 6), (iv) we may require you to pay an agreed minimum royalty to us during the period in which the Restaurant is not in operation, and (v) we may require you to sign our then-current Franchise Agreement (which may have materially different terms than your existing Franchise Agreement) or an amendment to your existing Franchise Agreement. If the term of the Lease for the new location extends beyond the term of your Franchise Agreement, we may, in our sole discretion, extend the term of your existing or new Franchise Agreement to match the term of the Lease for the new location, provided you will be required to pay the Relocation Extension Fee (see Item 6).

ITEM 13

TRADEMARKS

The following is a description of the principal trademarks and service marks that we will license to you. All of the marks listed below are owned by us, have been registered on the Principal Register of the U.S. Patent and Trademark Office (**"USPTO"**), and have been renewed at the proper time.

REGISTERED TRADEMARKS

Mark	Registration Number	Registration Date
SCHLOTZSKY'S	1150687	04/07/1981
SCHLOTZSKY'S	1337033	05/21/1985

Other Proprietary Marks have been, or may be, applied for or registered with the USPTO. The provisions of the Franchise Agreement apply to any and all other trademarks, service marks, and trade dress authorized and licensed for use by us to you during the term of the Franchise Agreement. We may specify the other Proprietary Marks that you may use, if any, in writing from time to time. You must comply with the proper use and marking of the Proprietary Marks as we indicate in the Manuals or otherwise. We update the Manuals periodically and add or delete Proprietary Marks on a continuing basis.

We are the owner of all right, title and interest in and to the Proprietary Marks and the goodwill associated with them. All goodwill associated with the Proprietary Marks remains our exclusive property. All usage of the trademarks by you and any goodwill established will inure to our exclusive benefit.

There are no agreements currently in effect which could significantly limit our rights to use or license the Proprietary Marks. There are no currently effective determinations of the USPTO, Trademark Trial and Appeal Board, the trademark administrator of any state, or any court adversely affecting the ownership, use, or licensing of the Proprietary Marks. There is no pending infringement, opposition or cancellation proceedings, or material litigation, involving the Proprietary Marks. There are no currently effective agreements limiting our right to use or license the Proprietary Marks. There are presently no infringing uses known to us that could materially affect your use of the Proprietary Marks listed above in the state in which your Restaurant will be located.

Your rights to the Proprietary Marks are derived solely from your Franchise Agreement. You will only use the Proprietary Marks to identify your Restaurant except as we authorize. You have no right to apply for registration of any Proprietary Mark. In using the Proprietary Marks, you must strictly follow our Standards, specifications, requirements, and instructions. You may not use any Mark or any words or designations similar to the Proprietary Marks (i) as part of any corporate or legal business name, (ii) with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we have licensed to you), (iii) in selling any unauthorized services or products, (iv) as part of any domain name, electronic address, metatag, search engine keyword, social media account, or otherwise in connection with any website or other electronic medium without our consent, or (v) in any other manner we have not expressly authorized in writing. When your Franchise Agreement expires or terminates, all rights to use the Proprietary Marks will revert to us automatically without payment to you and you will keep no rights in the Proprietary Marks. You may not take any action to question or contest our rights or interest in the Proprietary Marks and the goodwill in the Proprietary Marks.

If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the Proprietary Marks, you must promptly notify us. We will promptly take the action we consider necessary to defend you. We must indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition, or similar claims about the Proprietary Marks. You may not settle or compromise any of these claims without our written consent. We have the right to control, defend and settle any claim at our sole expense, using our

own counsel. You must cooperate with us in the defense. We will have no obligation to defend or indemnify you if the claim against you relates to your use of the Proprietary Marks in violation of the Franchise Agreement.

You must comply with our instructions to modify or discontinue use of any Proprietary Mark or to adopt or use additional or substituted Proprietary Marks. We will not be liable to you for any resulting expenses.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents And Copyrights

We have no patents and no pending patent applications material to the franchise. We claim copyrights on the Manuals (including any supplements); the Recipes; our building designs, architectural renderings, and construction plans; and certain forms, advertisements, images, art, photography, promotional materials, and other written materials that we produce. Our predecessor SI jointly developed flour and bread making recipes and techniques with The Pillsbury Company. No patent protection was sought for these recipes and techniques, but they are protected by us and our Suppliers as Trade Secrets (defined below).

You must comply with the proper use and marking of the copyrighted materials as we indicate in the Manuals.

There are no agreements currently in effect that significantly limit your right to use any of our copyrights. Also, there are no currently-effective determinations of the USPTO, Copyright Office (Library of Congress) or any court involving any of our copyrights discussed above. We are unaware of any infringing uses of or superior prior rights to any of our copyrights that could materially affect your use of them in the state in which your Restaurant will be located.

Your obligations and ours to protect your rights to use our copyrights are the same as the obligations for Proprietary Marks described in Item 13.

Proprietary and Confidential Information

During the term of your Franchise Agreement, we or our affiliates will disclose to you, either orally or in writing, non-public information related to the System or information that, by its nature, would reasonably be expected to be held in confidence or kept secret (collectively, "**Confidential Information**"). Confidential Information includes, but is not limited to: (i) the Standards and Manuals; (ii) pricing information and models; (iii) materials describing our franchise network and System; (iv) plans, layouts, designs and specifications for a prototypical Restaurant; (v) our methods of preparing and serving Approved Products, including Recipes; (vi) our sources (or prospective sources) of supply and all information related to or concerning the same, including the identity and pricing structures with our Approved Suppliers; (vii) our training materials; (viii) our marketing plans and development strategies; (ix) the Franchise Agreement and any related schedules, exhibits, attachments or addenda and all terms contained therein; and (x) other information we give to you.

In addition, we or our affiliates may disclose to you Trade Secrets. "**Trade Secrets**" means information that derives independent economic value, actual or potential, from not being generally

known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use. Without limiting the definition of "Trade Secrets," the following are considered to be Trade Secrets: (i) the composition of our Proprietary Goods; (ii) our Recipes; (iii) advertising, marketing, and public relations strategies; and (iv) our marketing analyses.

You may never, during the term of the Franchise Agreement, any renewal term of the Franchise Agreement, or after the Franchise Agreement expires or is terminated, reveal any of our Confidential Information or Trade Secrets to another person or use it for any other person or business. You may not copy any of our Confidential Information or Trade Secrets or give it to a third party except as we authorize. These restrictions must be followed even before you open your Restaurant, since you will receive valuable information and training about the System and the operation of the Restaurant before you begin operations.

You will require that all persons employed in your Restaurant having access to Confidential Information and Trade Secrets are aware of the confidentiality restrictions set forth in the Franchise Agreement and similarly bind them not to disclose the Confidential Information and Trade Secrets by an agreement at least as restrictive as the terms of the Franchise Agreement.

Innovations

All ideas, concepts, techniques, or materials relating to a Restaurant or the System or derivations or modifications of our intellectual property or any other element of the System (collectively, **"Innovations"**), whether or not protectable intellectual property and whether created by or for you or your Owners, employees, or contractors, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any Innovation does not qualify as a work made-for-hire for us, you must assign ownership of that Innovation, and all related rights to that Innovation, to us and agree to sign (and to cause your Owners, employees, and contractors to sign) whatever assignment or other documents we request to evidence our ownership or to help us obtain intellectual property rights in the Innovation. We and our affiliates have no obligation to make any payments to you or any other person with respect to any Innovations. You may not use any Innovation in operating the Restaurant or otherwise without our prior approval.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You are required to devote your best efforts to the proper and effective operation of the Restaurant. You (if you are an individual) and your Owners (if you are an Entity) are not required to participate in the actual operation of the Restaurant but may, with our consent, serve as the Primary Contact or a Manager. However, we do not recommend an investment in a Restaurant for investors interested in an absentee management business.

You must appoint a Primary Contact who will be responsible for, and have decision-making authority regarding, the Restaurant and its operation. You may not appoint, remove, or replace the Primary Contact without our prior written approval. Your Primary Contact must (i) hold a direct or indirect, legal, or beneficial interest of 5% or more in your Entity or (ii) hold a direct or indirect, legal, or beneficial interest in your Entity and have a written agreement with you that provides for a means that such Primary Contact will increase such interest to 5% or more in your Entity. Your

Primary Contact must successfully complete Primary Contact Training to our satisfaction. We may, in our sole discretion, permit your Primary Contact to serve as a Manager for the Restaurant, provided that it is their full-time job, they otherwise qualify for the position, and they successfully complete the Management Training Program.

During the first 90 days after you open your Restaurant, you must have two Managers who are dedicated to the Restaurant, one of whom may also be the Primary Contact. After the first 90 days of operating your Restaurant, you must at all times have at least one Manager dedicated to the Restaurant.

Your Managers must have day-to-day management responsibility for your Restaurant, exercise on-premises supervision, and personally participate in the direct operation of the Restaurant. Your Managers may be (but are not required to be) an Owner. Your Managers must complete the Management Training Program to our satisfaction. You must inform us in writing of the identity of your Managers and any successor Managers.

If you operate four or more Restaurants, we may require you to hire one or more additional Managers to serve as a Director of Operations to provide additional support and supervision to multiple Restaurants. Your Directors of Operations must meet any minimum standards for such position and must complete the Management Training Program and any other training programs that we specify to our satisfaction.

After a Primary Contact's, Manager's, or Director of Operation's death, disability, or termination of employment, you must immediately notify us, and you must designate a successor or acting Primary Contact, Manager or Director of Operations within 30 days. If you fail to do so after receiving from us a default notice with a cure period, we can terminate the Franchise Agreement.

All of your Owners must bind themselves to our restrictive covenants and confidentiality obligations by signing our Personal Covenants Agreement (Schedule B to the Franchise Agreement). You must require all persons affiliated with you to sign a confidentiality agreement to keep our Confidential Information and Trade Secrets confidential (see Item 14).

All of your Owners must sign our Guaranty of Payment and Performance (Schedule C to the Franchise Agreement).

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer in the Restaurant to customers only the Approved Products that we have approved in writing. You must produce and sell all Approved Products we specify, including all menu items, Trademarked Product Lines, and other products and services that we require you to sell, as stated in the Manuals or otherwise, which are all part of the System. We may change these specifications periodically, without limitation, and we may designate specific Approved Products as optional or mandatory. You must offer all Approved Products that we designate as mandatory. If we require or authorize you to sell alcoholic beverages, you must obtain any necessary permits or licenses. You must maintain a sufficient supply of required Approved Products to meet the inventory standards we prescribe in the Manuals (or to meet reasonably anticipated customer demand, if we have not prescribed specific standards).

You may not use the Restaurant or the Accepted Location to produce or sell any goods, products, or services other than Approved Products sold using the Marks. You may not produce or offer any products (i) that we do not authorize you to produce or sell or (ii) that we direct you not to produce or sell. You may sell Approved Products only in the varieties, forms, and packages that we have approved. If we require you to produce any Approved Products, you must strictly follow our Recipes, using only those product components, ingredients, flavoring, and garnishes that meet our then-current Standards. In dispensing the Approved Products, you may use only containers, cartons, bags, boxes, napkins, and other paper goods and packaging bearing our then-currently approved text and designs, and that otherwise meet our then-current requirements, specifications, and quality standards.

You may not use the Proprietary Marks for any other business. You may not conduct any business other than the business contemplated by the Franchise Agreement from your Accepted Location without first obtaining our written consent. In particular, you may not operate a ghost kitchen or delivery business selling goods, products, or services under another brand.

You may only engage in the sale of Approved Products under the System from the Restaurant to the ultimate consumer. We require you to provide catering services and delivery services and you must do so in accordance with any restrictions and guidelines that we may establish in the Manuals or otherwise in writing. You may only provide delivery services through a TPS that we approve or designate. If a TPS is unavailable to provide delivery services for your Restaurant, you may not be required to offer delivery services, subject to our written approval. Except for catering services and delivery services that we may allow or require, you may not offer for sale, sell, supply for resale, or deliver any Goods to a third party other than the ultimate consumer at the Restaurant without our prior written consent. Unless otherwise permitted by us in writing, you may not sell any Goods through the Internet or using any other channel of distribution other than your Restaurant.

You must participate in the Gift Card and Loyalty Programs that we establish, and you must have available for sale to customers a sufficient number of gift cards to meet the demands of your Restaurant. The Gift Card and Loyalty Programs may change in process, style and design periodically; the most current authorized version must be available in the Restaurant. You must accept for payment gift card(s) presented as payment for purchases made from the Restaurant.

Periodically, we will conduct market research and testing to determine consumer trends and the salability of new food or non-food products, equipment and services. You must participate in any market research programs or testing in your Restaurant, and provide us with timely reports and any other relevant information we request. You must purchase for your Restaurant a reasonable quantity of the test products, and you must effectively promote and make a reasonable effort to sell test products.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

The following table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Provisions	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 2.1 of Franchise Agreement	20 years
b. Renewal or extension of the term	Section 2.2 of Franchise Agreement	One 20-year renewal term if you comply with our renewal requirements
c. Requirements for you to renew or extend	Section 2.2 of Franchise Agreement	You must satisfy these requirements to enter into a renewal term: a. Timely request a renewal term. b. Complete renewal application. c. Have been in substantial compliance with Franchise Agreement. d. Remodel, refurbish and renovate the Restaurant. e. Secure right to operate at Accepted Location or relocate the Restaurant if necessary to meet our then-current Standards. f. Sign and return your renewal Franchise Agreement (which may be materially different from the terms contained in the Franchise Agreement attached to this Disclosure Document). g. Pay the Renewal Fee. h. You and your guarantors and owners must sign a general release. If you do not meet these conditions by, and you continue to operate after, the expiration date of the Franchise Agreement, the Franchise Agreement will be extended on a month-to-month basis until such time as (i) the conditions above are satisfied, or (ii) we notify you that the Franchise Agreement is terminated.
d. Termination by you	Section 17.1	Not applicable
e. Termination by us without cause	Not applicable	Not applicable
f. Termination by us with cause	Section 17 of Franchise Agreement	We may terminate only if you default.
g. "Cause" defined – curable defaults	Section 17.3 of Franchise Agreement	You have 24 hours to cure if: a. You refuse us permission to inspect or audit. b. Any dilution or adulteration of products at the Restaurant, or any misrepresentation, substitution, or palming off of non-Approved Products from the Restaurant operated under the Franchise Agreement. c. You fail to comply fully with all laws. You have 5 days to cure if: a. You sell, barter, or exchange any Proprietary Goods or Approved Products or other proprietary items at wholesale or retail. You have 10 days to cure if: a. You fail to pay any of your debts to us, our affiliates, or others b. You do not obtain personal covenants required under the Franchise Agreement. c. You default under your mortgage or lease. d. You fail to obtain insurance or provide proof of insurance. e. You fail to provide required reports.

Provisions	Section in Franchise Agreement	Summary
		You have 30 days to cure if: a. You do not maintain the required financial records. b. You fail to meet the Site Approval Deadline or Construction Start Deadline. c. You breach any other provision of your Franchise Agreement.
h. "Cause" defined – non-curable defaults	Section 17.2 of Franchise Agreement	On notice to you: a. You or your Owners violate restrictive covenants or restrictions on use of Confidential Information. b. You copy or permit anyone else to copy any part of the Manuals. c. You (or any principal of your Entity) are convicted of a felony, fraud, etc.; engage in conduct harmful to the Restaurant, System, or Proprietary Marks; or commit a fraud. d. You abandon the Restaurant or suspend operation of the Restaurant for five or more days without our consent. e. Your (or your affiliate's) interest in the lease or sublease for the Accepted Location expires or terminates or you otherwise lose possession of the site. f. After curing a default, you commit the same or similar default again within 12 months. g. You become insolvent, become subject to bankruptcy, make an assignment for creditors, subject to a receiver, have unpaid judgments, subject to attachment proceedings or execution of levy, or un-dismissed foreclosure. h. You or your Owners violate, or have any assets blocked under, any laws related to terrorism. i. You fail to meet the Opening Deadline (or any extended deadline). j. You have an uncured default in any other agreement with us or affiliates which would permit termination under such agreement. k. A threat or danger to public health or safety results from your continued operation of the Restaurant. l. You misuse or make any unauthorized use of the Proprietary Marks.
i. Your obligations on termination/nonrenewal	Section 18 of Franchise Agreement	a. Stop using the System, including our Proprietary Marks, Confidential Information, Trade Secrets, and Manuals, and de-identify the Restaurant. b. Immediately deliver to us or destroy all materials related to the System and your copies of any of the Manuals. c. Within 5 days, pay all sums owing to us and our affiliates. d. Immediately de-identify the Restaurant as our franchisee or former franchisee. e. Immediately comply with non-competition covenants in the Franchise Agreement. f. Cancel or transfer to us all identifiers, such as assumed names, domain names, telephone numbers, post office boxes, and other directory listings. g. Immediately sign agreements necessary for termination. h. Pay all liquidated damages due us. i. At our option, assign the lease to us or, if you own the Accepted Location, lease it to us.

Provisions	Section in Franchise Agreement	Summary
		j. If we acquire rights in your Accepted Location, within 15 days, arrange with us for an inventory of Goods to be made by us, at our cost. We will have the option for 30 days after termination or expiration to buy these at the fair market value (exclusive of goodwill).
j. Assignment of contract by Us	Section 16.10 of Franchise Agreement	We can assign if the assignee is capable of performing our obligations under the Franchise Agreement and agrees to perform these obligations.
k. "Transfer" by you — defined	Section 16.1 of Franchise Agreement	Includes transfer of the Franchise Agreement, any interest in the Franchise Agreement, the license to use the System and the Proprietary Marks, the Restaurant or substantially all of the assets of the Restaurant, or an interest in the ownership of the franchisee (if you are an Entity).
l. Our approval of your transfer	Section 16.2 of Franchise Agreement	Neither you nor other owners of the interests described in k. above can transfer without first obtaining our written approval.
m. Conditions for our approval of transfer	Section 16.3 of Franchise Agreement (transfers which result in change in control or involve 20% interest in your entity)	In addition to any other conditions we may specify: a. You must give us at least 90 days' prior written notice of any proposed transfer. b. You must pay all amounts you owe us and our affiliates. c. You are not, and have not been during the term of the Franchise Agreement, in default under the Franchise Agreement or any other agreement with us, or any of our Approved Suppliers without curing such default within the time period specified. d. Transferee and proposed Manager must attend and successfully complete training before transfer, at transferee's expense. e. Transferee must meet our then-current requirements for new franchisees, including our requirements for proficiency in the English language. f. Transferee agrees to upgrade and remodel Restaurant to conform to our then-current Standards for quality and appearance and trade dress. g. Transferee must sign our then-current Franchise Agreement, which may contain terms materially different than your Franchise Agreement and will expire on the date of expiration of your Franchise Agreement. h. Transferee enters into a written assignment and personal guarantee. i. You and your guarantors and Owners sign a general release. j. You must give us a copy of the signed assignment contract. k. You pay us a Transfer Fee. l. You and your Owners remain liable for pre-transfer obligation m. Landlord must consent to transfer. n. We determine price will not impact operation. o. You must comply with our right of first refusal.

Provisions	Section in Franchise Agreement	Summary
	Section 16.4 of Franchise Agreement (related party non-control transfers)	a. You give us prior written notice of the transfer. b. You pay all sums owed. c. You are not in default d. Transferee meets qualifications e. Transferee signs assignment and guaranty f. You and your guarantors and owners sign a general release. g. You remain liable for pre-Transfer obligations. h. You pay us a Transfer Fee.
	Section 16.5 of Franchise Agreement (related party transfers)	a. You give us prior written notice of the transfer. b. You are not in default c. Transferee meets qualifications d. Transferee assumes in writing the Franchise Agreement and the guaranty. e. You may not be in default under the Franchise Agreement. f. You pay us a Transfer Fee. g. You and your guarantors and owners must sign a general release and remain liable for pre-transfer obligations
n. Our right of first refusal to acquire your business	Section 16.8 of Franchise Agreement	We can match any offer for your Restaurant or substantially all interest in your entity.
o. Our option to purchase your business	Section 18.4 of Franchise Agreement	We may purchase your Goods related to the Restaurant at the fair market value (exclusive of good will) and may purchase your Accepted Location if you own it or your interest in any lease.
p. Your death or disability	Section 16.6 of Franchise Agreement	Upon 180 days from your death or permanent incapacity you must transfer all rights and interests to buyer that complies with Transfer provisions, except no Transfer Fee will be due.
q. Non-competition covenants during the term of the franchise	Section 15.4 of Franchise Agreement	No involvement in a competitive business (generally, similar types of businesses that offer products the same or similar to the Approved Products) anywhere. You may not divert or attempt to divert any business or potential business, misuse vendor relationships, or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System.
r. Non-competition covenants after the franchise is terminated or expires	Section 15.4.B. of Franchise Agreement	For 12 months after expiration or termination, no involvement in a competitive business at the Accepted Location, within 3 miles of your Accepted Location, or within 3 miles of any Restaurant; and no diverting or attempting to divert any business from any Restaurant.
s. Modification of the agreement	Sections 8.3, 22.2 and 22.3 of Franchise Agreement	No oral modifications, but we can change the Manuals.
t. Integration/merger clause	Section 22.2 of Franchise Agreement	Only the terms of the Franchise Agreement and related agreements are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 19.1 of Franchise Agreement	Most disputes must be resolved by arbitration.

Provisions	Section in Franchise Agreement	Summary
v. Choice of forum	Section 19.1 of Franchise Agreement	Subject to state law, currently, arbitration or lawsuit must be in the metropolitan area of district court where our principal place of business is located (currently, Georgia).
w. Choice of law	Sections 15.6 and 22.5 of Franchise Agreement	Subject to state law, Georgia law applies to all disputes except those related to the non-competition covenants, which will be governed by the laws of the state in which your Restaurant is located.

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote our franchises.

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 this disclosure document. Financial performance information that differs from that included in this 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.

This Item 19 presents information about the financial performance during Fiscal Year 2022 (the fiscal year ended December 25, 2022) of certain Traditional Franchises that were eligible franchises in Fiscal Year 2022. A "**Traditional Franchise**" is a franchised Restaurant that includes a Cinnabon® Express franchise and is located in a traditional location, including strip shopping centers, power centers, and street-level retail. An "**eligible franchise**" is a franchise that reported sales in all 52 weeks of Fiscal Year 2022 and was owned by the same owner throughout Fiscal Year 2022.

This Item 19 does not include data related to (i) franchised Restaurants located in non-traditional locations (such as airports, colleges, convenience stores, government buildings, hospitals, hotels, lifestyle centers, malls (including open air, traditional, and outlet malls), military bases, office building interiors, theme parks, transit hubs, and travel plazas); (ii) franchised Restaurants that do not include a Cinnabon® Express franchise; (iii) franchised Restaurants that are co-branded with another brand (other than Cinnabon®); (iv) affiliate-owned Restaurants; and (v) Traditional Franchises that were not eligible franchises in Fiscal Year 2022. The financial performance and operations of these excluded Restaurants can vary significantly from the performance and operations of the Traditional Franchises that are represented in this Item 19.

Table 1 includes data for Traditional Franchises with a drive-thru. Table 2 includes data for Traditional Franchises without a drive-thru.

TABLE 1: AVERAGE NET SALES BY QUARTILE FOR TRADITIONAL FRANCHISES WITH A DRIVE-THRU FOR FISCAL YEAR 2022

Quartiles	Average Net Sales	Number and Percentage of Restaurants Attaining or Exceeding Average Net Sales	Median Net Sales	Lowest Net Sales	Highest Net Sales
Top Quartile	$1,638,915	25/53 (47%)	$1,574,132	$1,336,480	$2,415,790
2nd Quartile	$1,184,553	28/53 (53%)	$1,190,439	$1,042,042	$1,327,840
3rd Quartile	$927,011	28/53 (53%)	$933,304	$811,066	$1,031,792
Bottom Quartile	$657,569	27/53 (51%)	$665,578	$376,934	$806,659
Total	**$1,102,012**	**93/212 (44%)**	**$1,036,917**	**$376,934**	**$2,415,790**

NOTES TO TABLE 1:

1. As of December 25, 2022, there were 221 Traditional Franchises with a drive-thru ("**Drive-Thru Franchises**"). Of those 221 locations, 212 (95.9%) Drive-Thru Franchises are represented in this table. This table does not include (i) four Drive-Thru Franchises that did not report sales in all 52 weeks of Fiscal Year 2022, (ii) one franchise that converted to a Drive-Thru Franchise during Fiscal Year 2022, and (iii) four Drive-Thru Franchises that opened during Fiscal Year 2022. Two Drive-Thru Franchises were reacquired by us during Fiscal Year 2022. No Drive-Thru Franchises permanently closed in Fiscal Year 2022.

TABLE 2: AVERAGE NET SALES BY QUARTILE FOR TRADITIONAL FRANCHISES WITHOUT A DRIVE-THRU FOR FISCAL YEAR 2022

Quartiles	Average Net Sales	Number and Percentage of Restaurants Attaining or Exceeding Average Net Sales	Median Net Sales	Lowest Net Sales	Highest Net Sales
Top Quartile	$1,569,832	3/9 (33%)	$1,458,228	$1,222,063	$2,401,443
2nd Quartile	$911,551	5/9 (56%)	$926,568	$757,187	$1,089,504
3rd Quartile	$680,140	4/9 (44%)	$669,282	$607,874	$730,421
Bottom Quartile	$403,042	6/9 (67%)	$405,665	$236,451	$566,066
Total	**$891,141**	**14/36 (39%)**	**$743,804**	**$236,451**	**$2,401,443**

NOTES TO TABLE 2:

1. As of December 25, 2022, there were 38 Traditional Franchises without a drive-thru. Of those 38 locations, 36 (94.7%) Traditional Franchises without a drive-thru are represented in this table. This table does not include two Traditional Franchises

without a drive-thru that did not report sales in all 52 weeks of Fiscal Year 2022. No Traditional Franchises without a drive-thru were reacquired by us or permanently closed in Fiscal Year 2022.

NOTES TO ITEM 19:

1. **Some Restaurants have sold or earned this amount. Your individual results may differ. There is no assurance that you'll sell or earn as much.**

2. "Net Sales" includes all revenues generated by a Restaurant or conducted from or with respect to a Restaurant, whether the sales are evidenced by cash, check, credit, charge, account, barter or exchange, but does not include (a) the initial sales or reloading of gift cards, (b) discounts, (c) the sale of food or merchandise for which refunds have been made in good faith to customers, (d) the discounted portion of employee meals, (e) sales, meals, use or excise tax imposed by a governmental authority directly on sales and collected from customers, provided that the amount for the tax is added to the selling price or absorbed therein and is actually paid by you to a governmental authority, (f) the sale of equipment used in the operation of the Restaurant, or (g) tips. Net Sales include revenue generated by the sale of Cinnabon® products. See Note 2 of Item 6 for a complete definition of "Net Sales."

3. These sales figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the Net Sales figures to obtain your net income or profit.

4. We calculated the figures in the tables in these financial performance representations using financial reports submitted by franchisees. We have not audited or independently verified these financial reports nor have we asked questions of the submitting franchisees to determine whether they are in fact accurate and complete, although we have no information or other reason to believe that they are unreliable. No certified public accountant has audited these figures or expressed his or her opinion concerning their content or form.

5. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

6. We encourage you to consult with your own accounting, business, and legal advisors to assist you to prepare your budgets and projections, and to assess the likely or potential financial performance of your franchise. We also encourage you to contact existing franchisees to discuss their experiences with the system and their franchise business. Notwithstanding the information set forth in this financial performance representation, our existing franchisees are your best source of information about franchise operations.

Other than in this Item 19, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting the Legal Department, Schlotzsky's Franchisor SPV LLC, 5620 Glenridge Drive NE, Atlanta, Georgia

30342, 404-255-3250, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2020 to 2022

Outlet Type	Year	Outlets At The Start Of The Year	Outlets At The End Of The Year	Net Change
Franchised	2020	327	310	-17
	2021	310	300	-10
	2022	300	299	-1
Company-Owned	2020	24	23	-1
	2021	23	24	+1
	2022	24	27	+3
Total Outlets	**2020**	**351**	**333**	**-18**
	2021	**333**	**324**	**-9**
	2022	**324**	**326**	**+2**

For purposes of this Item 20, the term “Outlets” or “Restaurants” each includes both Schlotzsky’s Bakery-Café and Schlotzsky’s Café Xpress units.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor)
For Years 2020 to 2022

State	Year	Number Of Transfers
Arkansas	2020	1
	2021	1
	2022	0
Colorado	2020	0
	2021	2
	2022	0
Georgia	2020	0
	2021	2
	2022	0
Louisiana	2020	0
	2021	1
	2022	0
Nebraska	2020	0
	2021	1
	2022	0
New Mexico	2020	1
	2021	0
	2022	0

State	Year	Number Of Transfers
North Carolina	2020	1
	2021	0
	2022	0
Ohio	2020	0
	2021	0
	2022	1
Oklahoma	2020	1
	2021	0
	2022	0
South Carolina	2020	1
	2021	3
	2022	1
Texas	2020	9
	2021	13
	2022	19
Wisconsin	2020	0
	2021	2
	2022	0
TOTALS	**2020**	**14**
	2021	**25**
	2022	**21**

Table No. 3
Status of Franchised Outlets
For Years 2020 to 2022

State	Year	Outlets at start of year	Outlets opened	Term-inations	Non-renewals	Reacquired by franchisor	Ceased operations-other reasons	Outlets at end of the year
Alabama	2020	5	0	0	0	0	0	5
	2021	5	1	0	0	0	0	6
	2022	6	0	0	0	0	0	6
Arizona	2020	8	0	0	0	0	0	8
	2021	8	0	0	0	0	0	8
	2022	8	0	0	0	0	0	8
Arkansas	2020	9	0	0	0	0	0	9
	2021	9	1	0	0	0	0	10
	2022	10	2	0	0	0	0	12
California	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Colorado	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
Florida	2020	2	0	2	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

State	Year	Outlets at start of year	Outlets opened	Term-inations	Non-renewals	Reacquired by franchisor	Ceased operations-other reasons	Outlets at end of the year
Georgia	2020	9	0	0	0	0	0	9
	2021	9	0	0	0	0	0	9
	2022	9	1	0	0	0	0	10
Illinois	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Kansas	2020	9	1	0	0	0	0	10
	2021	10	1	0	0	0	0	11
	2022	11	0	1	0	0	0	10
Kentucky	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Louisiana	2020	3	0	0	0	0	0	3
	2021	3	0	1	0	0	0	2
	2022	2	0	0	0	0	0	2
Michigan	2020	4	0	1	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Minnesota	2020	1	0	1	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Mississippi	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Missouri	2020	8	1	0	0	0	0	9
	2021	9	0	0	0	0	0	9
	2022	9	0	1	0	0	0	8
Nebraska	2020	2	0	0	0	0	0	2
	2021	2	0	1	0	1	0	0
	2022	0	0	0	0	0	0	0
Nevada	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
New Jersey	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
New Mexico	2020	8	0	0	0	0	0	8
	2021	8	0	0	0	0	0	8
	2022	8	0	0	0	0	0	8
North Carolina	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
North Dakota	2020	2	0	1	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2

State	Year	Outlets at start of year	Outlets opened	Term-inations	Non-renewals	Reacquired by franchisor	Ceased operations-other reasons	Outlets at end of the year
Ohio	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Oklahoma	2020	14	1	1	0	0	0	14
	2021	14	0	0	0	0	0	14
	2022	14	3	2	0	0	0	15
Oregon	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Pennsylvania	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
South Carolina	2020	7	0	0	0	0	0	7
	2021	7	0	1	0	0	0	6
	2022	6	0	0	0	0	0	6
Tennessee	2020	2	1	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	1	0	0	0	2
Texas	2020	206	5	15	0	0	0	196
	2021	196	2	12	0	0	0	186
	2022	186	1	2	0	2	0	183
Utah	2020	1	0	1	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Washington	2020	1	0	1	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
West Virginia	2020	2	0	2	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Wisconsin	2020	3	0	1	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Wyoming	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
TOTALS	**2020**	**327**	**9**	**26**	**0**	**0**	**0**	**310**
	2021	**310**	**6**	**15**	**0**	**1**	**0**	**300**
	2022	**300**	**8**	**7**	**0**	**2**	**0**	**299**

NOTE:

The numbers in this table show the number of Restaurants open and operated by franchisees as of December 31, 2022, December 31, 2021 and December 31, 2020. This table does not show

franchisees that have signed Franchise Agreements for Restaurants that have not opened yet or that have had their Franchise Agreements terminated prior to opening their Restaurant.

Table No. 4
Status of Affiliate-Owned Outlets
For Years 2020 to 2022

State	Year	Outlets at start of year	Outlets opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold To Franchisee	Outlets at end of the year
Georgia	2020	2	0	0	1	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Nebraska	2020	0	0	0	0	0	0
	2021	0	0	1	0	0	1
	2022	1	0	0	0	0	1
Oklahoma	2020	8	0	0	0	0	8
	2021	8	0	0	0	0	8
	2022	8	1	0	0	0	9
Texas	2020	14	0	0	0	0	14
	2021	14	0	0	0	0	14
	2022	14	0	2	0	0	16
TOTALS	**2020**	**24**	**0**	**0**	**1**	**0**	**23**
	2021	**23**	**0**	**1**	**0**	**0**	**24**
	2022	**24**	**1**	**2**	**0**	**0**	**27**

Table No. 5
Projected Openings As Of December 31, 2022
For Year Ending December 31, 2023

State	Franchise Agreements Signed But Restaurant Not Open	Projected New Franchised Restaurants In 2023 Fiscal Year	Projected New Company-Owned Restaurants In 2023 Fiscal Year
Arkansas	1	1	0
Arizona	10	0	0
Colorado	10	0	0
Florida	15	0	0
Georgia	3	0	0
Illinois	2	0	0
Kansas	10	0	0
Louisiana	15	0	0
Missouri	3	0	0
New Mexico	5	0	0
North Carolina	22	0	0
North Dakota	1	0	0
Ohio	6	0	0
Oklahoma	4	0	0

State	Franchise Agreements Signed But Restaurant Not Open	Projected New Franchised Restaurants In 2023 Fiscal Year	Projected New Company-Owned Restaurants In 2023 Fiscal Year
Pennsylvania	10	0	0
South Carolina	13	0	0
Texas	14	2	0
TOTALS	**144**	**3**	**0**

Exhibit D to this Disclosure Document shows the name, address, and telephone number of the franchised Restaurants as of December 31, 2022, as well as the name, address and telephone number of franchisees who have signed a franchise agreement but have not opened their Restaurant.

Exhibit E to this Disclosure Document shows, at the end of our most recent fiscal year, the name, last-known business or home city and state and business or home telephone number of franchisees whose franchise was terminated, canceled, or not renewed; who voluntarily or involuntarily ceased to do business under a franchise agreement during the applicable fiscal year (which includes franchisees who transferred their franchise); or those franchises who did not communicate with us within 10 weeks of the date of this Disclosure Document.

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

Confidentiality Clauses

As a standard practice, when we enter into a Termination and Release Agreement with a former franchisee, we require the former franchisee to agree to maintain all information that the former franchisee has about us confidential. We have entered into these Termination and Release Agreements (including the confidentiality clause) within the past 3 years.

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

Franchisor Sponsored Franchisee Organizations

We have established the FAC to serve as a sounding board on issues that affect the System in the areas of brand development, franchise support, new business, marketing, product, design, equipment, operations, and new revenue channels. The address for the FAC is at our principal office at 5620 Glenridge Drive NE, Atlanta, GA 30342. The FAC does not maintain a separate telephone number, email address, or website.

Independent Franchisee Organizations

As of the date of this Disclosure Document, no independent franchisee organizations have asked to be included in this Disclosure Document.

ITEM 21

FINANCIAL STATEMENTS

Attached as Exhibit A to this Disclosure Document are the audited financial statements of Focus Systems, our parent company, which include the consolidated balance sheets as of December 25, 2022 and December 26, 2021 and the related consolidated statements of operations, changes in member's equity, and cash flows for the fiscal years ended December 25, 2022, December 26, 2021, and December 27, 2020. Focus Systems guarantees the performance of our obligations under the Franchise Agreement. A copy of the guaranty of Focus Systems is attached as Exhibit A.

As reflected in Item 1, Focus Brands will be providing required support and services to franchisees under a management agreement with us. Attached as Exhibit A are the audited financial statements of Focus Brands as of and for the fiscal years ended December 25, 2022 and December 26, 2021. These financial statements are being provided for disclosure purposes only. Focus Brands is not a party to the Franchise Agreement or other agreement we sign with franchisees nor does it guarantee our obligations under the Franchise Agreement or other agreements we sign with franchisees.

ITEM 22

CONTRACTS

The following contracts and related documents are attached to this Disclosure Document:

EXHIBIT B SCHLOTZSKY'S FRANCHISE AGREEMENT AND RELATED AGREEMENTS:

- Schedule A - Franchise Specific Terms
- Schedule B - Personal Covenants
- Schedule C - Guaranty of Payment and Performance
- Schedule D - State Law Addendum (If Required)

EXHIBIT C OTHER AGREEMENTS:

- General Release
- Schlotzsky's Franchisee Participation Agreement
- POS System Support Services Agreement

ITEM 23

RECEIPTS

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

EXHIBIT A

FINANCIAL STATEMENTS

GUARANTEE OF PERFORMANCE

For value received, FOCUS Brands Systems LLC, a Delaware limited liability company (the "Guarantor"), located at 5620 Glenridge Drive NE, Atlanta, Georgia 30342, absolutely and unconditionally guarantees to assume the duties and obligations of Schlotzsky's Franchisor SPV LLC, located at 5620 Glenridge Drive NE, Atlanta, Georgia 30342 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2023 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This Guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Atlanta, Georgia on this 23rd day of March 2023.

Guarantor:

FOCUS BRANDS SYSTEMS LLC

By:_____
Name: Michael J. Dixon
Title: Chief Financial Officer

Consolidated Financial Statements and
Report of Independent Certified Public Accountants

FOCUS Brands Systems LLC and Subsidiaries

December 25, 2022 and December 26, 2021

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Member
FOCUS Brands Systems LLC and Subsidiaries

Opinion

We have audited the consolidated financial statements of FOCUS Brands Systems LLC and Subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 25, 2022 and December 26, 2021, and the related consolidated statements of operations, changes in member's equity, and cash flows for the years ended December 25, 2022, December 26, 2021 and December 27, 2020, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 25, 2022 and December 26, 2021, and the results of their operations and their cash flows for the years ended December 25, 2022, December 26, 2021 and December 27, 2020 in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

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

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the 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 for one year after the date the financial statements are issued.

Grant Thornton LLP is the U.S. member firm of Grant Thornton International Ltd (GTIL). GTIL and each of its member firms are separate legal entities and are not a worldwide partnership.

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 US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

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

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

Grant Thornton LLP

Atlanta, Georgia
March 15, 2023

Consolidated balance sheets

(In thousands)

	December 25, 2022	December 26, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 171	$ 288
Restricted cash - securitization	6,339	5,037
Accounts receivable, net of allowance for doubtful accounts of $1,351 and $2,118 in 2022 and 2021, respectively	21,091	17,212
Prepaid expenses and other current assets	3	12
Total current assets	**27,604**	**22,549**
Assets held for lease, net	331	345
Intangible assets, net	306,409	308,231
Total assets	**$ 334,344**	**$ 331,125**
Liabilities and Member's Equity		
Current liabilities:		
Accrued expenses and other liabilities	$ 3,045	$ 3,170
Deferred revenue	3,383	2,784
Intercompany payables	2,787	3,282
Total current liabilities	**9,215**	**9,236**
Long-term deferred revenue	47,357	45,856
Long-term other liabilities	125	120
Total liabilities	**56,697**	**55,212**
Member's equity:		
Member's equity	277,647	275,913
Total Member's equity	**277,647**	**275,913**
Total liabilities and Member's equity	**$ 334,344**	**$ 331,125**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of operations

(In thousands)

For the fiscal years ended:	December 25, 2022	December 26, 2021	December 27, 2020
Revenues:			
Franchise revenues	$ 259,833	$ 221,276	$ 166,977
Total revenues	**259,833**	**221,276**	**166,977**
Fees and expenses:			
Management fee to FBLLC	46,690	41,654	42,353
Selling, general and administrative expenses	128	404	1,793
Depreciation and amortization expense	2,037	3,030	3,435
Total fees and expenses	**48,855**	**45,088**	**47,581**
Operating income	**210,978**	**176,188**	**119,396**
Income before income tax expense	**210,978**	**176,188**	**119,396**
Income tax expense	2,267	1,565	1,188
Net income	**$ 208,711**	**$ 174,623**	**$ 118,208**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of changes in member's equity

(In thousands)

		Member's equity
Balance at December 29, 2019	**$**	**282,090**
Distributions to Member, net		(118,807)
Net income		118,208
Balance at December 27, 2020		**281,491**
Distributions to Member, net		(180,201)
Net income		174,623
Balance at December 26, 2021		**275,913**
Non-cash capital contributions from Member		1,285
Distributions to Member, net		(208,262)
Net income		208,711
Balance at December 25, 2022	**$**	**277,647**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of cash flows

(In thousands)

For the fiscal years ended:	December 25, 2022	December 26, 2021	December 27, 2020
Cash flows from operating activities:			
Net income	$ 208,711	$ 174,623	$ 118,208
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	2,037	3,030	3,435
Loss (gain) on assets held for lease, net	(4)	11	(6)
Provision for (recoveries from) bad debts	(289)	120	1,754
Changes in operating assets and liabilities:			
Accounts receivable, prepaid expenses and other assets	(2,295)	(923)	(3,815)
Accrued expenses and other liabilities	(121)	677	303
Deferred revenue	2,100	(626)	(1,502)
Intercompany receivable / payable	(495)	3,362	646
Net cash provided by operating activities	**209,644**	**180,274**	**119,023**
Cash flows from investing activities:			
Purchases of assets held for lease	(201)	(33)	(51)
Proceeds from sale or disposal of assets held for lease	4	9	13
Net cash used in investing activities	**(197)**	**(24)**	**(38)**
Cash flows from financing activities:			
Distributions to Member, net	(208,262)	(180,201)	(118,807)
Net cash used in financing activities	**(208,262)**	**(180,201)**	**(118,807)**
Net increase in Cash and cash equivalents and Restricted cash - securitization	1,185	49	178
Cash and cash equivalents and Restricted cash - securitization, beginning of period	5,325	5,276	5,098
Cash and cash equivalents and Restricted cash - securitization, end of period	**$ 6,510**	**$ 5,325**	**$ 5,276**
Supplemental disclosure of cash flow information:			
Cash paid for:			
Income taxes, net	$ 2,267	$ 1,565	$ 1,188

The accompanying notes are an integral part of these consolidated financial statements.

Notes to consolidated financial statements
(Dollars in thousands)

1 Nature of Operations and Summary of Significant Accounting Policies

Organization

FOCUS Brands Systems LLC (the "Company") is a limited-purpose, bankruptcy-remote, wholly owned direct subsidiary of FOCUS Brands Funding LLC (the "Master Issuer"), which is a limited-purpose, bankruptcy-remote, wholly owned direct subsidiary of FOCUS Funding Holdco LLC, which is a limited-purpose, bankruptcy-remote, wholly owned direct subsidiary of FBIG LLC, which is a wholly owned direct subsidiary of Focus Brands LLC ("FBLLC"), which is a wholly owned direct subsidiary of Focus Brands Holdings Inc. ("FBHI").

On January 17, 2020, a restructuring was completed whereby Carvel Funding Holdco LLC and McAlister's Funding Holdco LLC merged with and into FOCUS Funding Holdco LLC, Carvel Funding LLC and McAlister's Funding LLC merged with and into the Master Issuer, and Carvel Franchisor SPV LLC and McAlister's Franchisor SPV LLC were contributed to the Company at book value.

The Company comprises the worldwide operations of its limited-purpose, bankruptcy-remote, wholly owned direct subsidiaries (collectively, the "Franchising Entities"): Auntie Anne's Franchisor SPV LLC, Carvel Franchisor SPV LLC, Cinnabon Franchisor SPV LLC, McAlister's Franchisor SPV LLC, Moe's Franchisor SPV LLC, and Schlotzsky's Franchisor SPV LLC. The Franchising Entities are the franchisors of over 5,500 bakeries and restaurants ("SBRs", "SBR") in the United States and approximately 60 foreign countries and territories operating under the brand names Carvel®, Cinnabon®, Schlotzsky's®, Moe's®, Auntie Anne's®, and McAlister's Deli®. The Franchising Entities' business revenues are primarily generated from franchise revenues including royalty and mix fees, development and franchise fees, licensing fees, rebates from certain vendors, and digital transaction fees.

Certain of the Company's affiliates administer the advertising funds on behalf of the brands' franchise systems. The certain affiliates are not included in the Company's consolidated financial statements.

Basis of Presentation

All significant intercompany accounts and transactions have been eliminated in consolidation.

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

The member's equity balance at December 29, 2019 has been reclassified to conform to the current year presentation resulting from the restructuring that occurred on January 17, 2020.

Fiscal Year

The Company operates on a fifty-two or fifty-three week fiscal year that ends on the last Sunday of the calendar year. The consolidated financial statements include fifty-two weeks for the fiscal years ended December 25, 2022, December 26, 2021, and December 27, 2020, respectively.

Cash and Cash Equivalents

Cash and cash equivalents include funds not subject to the restrictions discussed in the "Restricted Cash" section. As of December 25, 2022 and December 26, 2021, Cash and cash equivalents consists only of funds on deposit with commercial banks.

Restricted Cash

The Company's restricted cash is comprised of cash collections related to securitized franchising or licensing activities.

Credit Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, restricted cash, and accounts receivable. The Company places its cash and cash equivalents and restricted cash, which generally exceed federally insured limits, with high credit quality financial institutions or in money market funds that invest in U.S. Treasury bills, notes, or other obligations issued or guaranteed by the U.S. Government, its agencies, or instrumentalities, and repurchase agreements secured by such obligations or cash. The Company has not experienced any losses in such accounts.

Accounts receivable consists primarily of amounts due from franchisees, vendors, and licensees. The financial condition of the franchisees and licensees is largely dependent upon the underlying business trends of the Company's brands and market conditions within the quick service restaurant industry, both domestically and internationally. This concentration of credit risk is mitigated, in part, by the large number of franchisees and licensees of each brand and the short-term nature of the related receivables. As of December 25, 2022 and December 26, 2021, no individual franchisee or licensee accounted for more than 10% of total accounts and notes receivable. No individual franchisee or licensee accounted for more than 10% of total revenues for the fiscal years ended December 25, 2022, December 26, 2021, and December 27, 2020.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are reflected in the consolidated financial statements at cost, net of allowance.

The Company determines the allowance for doubtful accounts based upon a specific review of outstanding customer balances and a general reserve based on the aging of customer accounts and write-off history. Accounts receivable are written off against the allowance for doubtful accounts when it is probable the receivable will not be recovered. The Company monitors the financial condition of its subsidiaries' franchisees, licensees, and vendors and records provisions for estimated losses on receivables when the Company believes that it will be unable to collect the required payments. While the Company uses the best information available in making its determination, the ultimate recovery of recorded receivables is also dependent upon future economic events and other conditions that may be beyond the Company's control.

Assets Held for Lease

Assets held for lease is largely comprised of satellite SBRs that the Company leases to franchisees under month-to-month operating lease agreements and are recorded at cost, less accumulated depreciation. Expenditures that extend the useful lives of the related assets are capitalized. Expenditures for normal maintenance and repairs are expensed as incurred. Depreciation is computed on a straight-line basis over estimated useful lives of between 2-7 years.

Intangible Assets

Intangible assets consist primarily of tradenames and franchise agreements. The Company does not amortize tradenames. Indefinite-lived intangible assets are evaluated for impairment on an annual basis at year-end, or more frequently when circumstances arise indicating that a particular asset may be impaired. The impairment evaluation for the indefinite-lived tradenames includes a comparison of the fair value of the tradenames with their respective carrying value. Fair value is the amount for which the tradenames could be sold in a current transaction between willing parties. The Company estimates fair value using multiple valuation methodologies, including discounted cash flow models. The operating assumptions used in the discounted cash flow models are generally consistent with past performance and with the projections and assumptions that are used in the current operating plan. Such assumptions are subject to change as a result of changing economic and competitive conditions. If the carrying value of an indefinite-lived tradename exceeds fair value, the tradename is written down to its fair value.

Amortizable intangible assets are tested for impairment if events occur that suggest the assets might be impaired. No impairment losses were recorded for intangible assets during the fiscal years ended December 25, 2022, December 26, 2021, and December 27, 2020.

Income Taxes

The Company is comprised of single-member limited liability companies for federal and state income tax purposes with all income tax liabilities and/or benefits of the Company being passed through to an indirect parent of the Company. As such, no recognition of federal or state income taxes for the Company have been provided for in the accompanying consolidated financial statements.

Income tax expense is comprised of foreign income taxes in certain international jurisdictions which arise from withholding taxes associated with payments of royalties and fees by international franchisees.

Revenue Recognition

Revenue is recognized in accordance with a five-step revenue model, as follows: identifying the contract with the customer; identifying the performance obligations in the contract; determining the transaction price; allocating the transaction price to the performance obligations; and recognizing revenue when (or as) the entity satisfies a performance obligation. In applying this five-step model, the Company determined that the franchise right granted for each individual SBR within an arrangement represents a single performance obligation. Therefore, all consideration within the contract is allocated to the franchise right and recognized over the term of the franchise agreement.

Franchise revenues consists of revenues from franchising activities and are recognized based on the terms of the underlying franchise agreements.

Development fees are recorded as deferred franchise revenue when received and are recognized as revenue on a straight-line basis over the term of each underlying franchise agreement satisfying the development obligation, commencing when the SBR is opened.

Franchise fees are recorded as deferred revenue when received and are recognized as revenue on a straight-line basis over the term of each respective franchise agreement, commencing when the SBR covered by the fees is opened.

Certain franchisees are required to purchase ice cream mix from a certain Franchising Entity's approved distributors, who in turn source the ice cream mix from that Franchising Entity's approved manufacturers. Ice cream mix revenues are recognized upon the sale of ice cream mix based upon the respective agreements with the manufacturers, distributors, and the franchisees.

Comprehensive Income

Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. Comprehensive income is the same as net income for the periods presented. Therefore, separate statements of comprehensive income are not included in the accompanying consolidated financial statements.

Fair Value Measurements

The guidance for fair value measurements establishes the authoritative definition for fair value, sets out a framework for measuring fair value and outlines the required disclosures regarding fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

At December 25, 2022 and December 26, 2021, the Company had no financial instruments that are measured at fair value.

Subsequent Events

The Company discloses material events that occur after the balance sheet date but before financial statements are issued. In general, these events are recognized in the financial statements if the condition existed at the date of the balance sheet, but are not recognized if the condition did not exist at the balance sheet date. The Company discloses non-recognized events if required to keep the financial statements from being misleading. Management evaluated events occurring subsequent to December 25, 2022 through March 15, 2023, the date these consolidated financial statements were available for issuance, and determined that no subsequent event disclosures were required.

2 Revenue

The Company recognizes franchise revenues as the related performance obligations are satisfied.

The Company generally recognizes revenue associated with franchise and development fees of open SBRs over time. The Company's other revenue streams are generally recognized at a point in time.

Franchise revenues are disaggregated by the timing of recognition as follows:

For the fiscal years ended:	December 25, 2022	December 26, 2021	December 27, 2020
Franchise revenues satisfied over time	$ 3,736	$ 3,569	$ 3,576
Franchise revenues satisfied at a point in time	256,097	217,707	163,401
Franchise revenues	**$ 259,833**	**$ 221,276**	**$ 166,977**

Changes in deferred franchise and development fees are as follows:

For the fiscal years ended:	December 25, 2022	December 26, 2021
Deferred revenue at the beginning of the period	$ 48,640	$ 49,266
Revenue recognized during the period	(11,413)	(8,590)
Deferrals due to cash received and other	13,513	7,964
Deferred revenue	**$ 50,740**	**$ 48,640**

The Company expects to recognize revenue in the future related to performance obligations that are partially satisfied at the end of the period:

For the fiscal years:	
2023	$ 3,383
2024	2,770
2025	2,604
2026	2,455
2027	2,289
Thereafter	21,824
Deferred revenue for open SBRs	**$ 35,325**

Deferred revenue of $15,415 relates to the unsatisfied future performance obligations associated with unopened SBRs and is not included within the table above. The Company anticipates recognizing revenue over the terms of the respective franchise agreements, which are typically 10-20 years, once the related SBRs are opened.

3 Assets Held for Lease

Assets held for lease, net consists of the following:

	December 25, 2022	December 26, 2021
Assets held for lease	$ 4,611	$ 4,484
Accumulated depreciation	(4,280)	(4,139)
Assets held for lease, net	**$ 331**	**$ 345**

Depreciation of assets held for lease totaled $215, $370, and $627 for the fiscal years ended December 25, 2022, December 26, 2021, and December 27, 2020, respectively.

4 Intangible Assets

Intangible assets, net at December 25, 2022 consists of the following:

	Weighted average amortization period (years)	Gross carrying amount	Accumulated amortization	Net carrying amount
Definite-lived intangibles:				
Franchise agreements	20	$ 2,216	$ (1,930)	$ 286
Indefinite-lived intangibles:				
Tradenames	n/a	306,123	n/a	306,123
		$ 308,339	**$ (1,930)**	**$ 306,409**

Intangible assets, net at December 26, 2021 consists of the following:

	Weighted average amortization period (years)	Gross carrying amount	Accumulated amortization	Net carrying amount
Definite-lived intangibles:				
Franchise agreements	13	$ 41,610	$ (39,502)	$ 2,108
Indefinite-lived intangibles:				
Tradenames	n/a	306,123	n/a	306,123
		$ 347,733	**$ (39,502)**	**$ 308,231**

Amortization expense of definite-lived intangible assets totaled $1,822, $2,660, and $2,808 for the fiscal years ended December 25, 2022, December 26, 2021, and December 27, 2020, respectively.

Estimated future amortization expense for each of the next five years is as follows:

For the fiscal years:		
2023	$	111
2024		111
2025		64
2026		-
2027		-

5 Guarantees

The Master Issuer and Jamba Juice Funding LLC, a limited-purpose, bankruptcy-remote, wholly owned direct subsidiary of Jamba Juice Funding Holdco LLC, which is a limited-purpose, bankruptcy-remote, wholly owned direct subsidiary of Jamba Juice LLC, which is a wholly owned direct subsidiary of Jamba, Inc., which is a wholly owned direct subsidiary of FBIG LLC (Jamba Juice Funding LLC, collectively with the Master Issuer, the "Co-Issuers"), are the issuers of outstanding senior secured notes (the "Senior Notes") under a securitized financing facility.

The Senior Notes are secured by intellectual property and franchising-related assets held by the Company, its indirect parents, and certain other affiliates (collectively, the "Guarantors"). Each Guarantor is a separate entity, has separate creditors (from FBHI and any of its non-Guarantor affiliates), and owns all its assets. The Co-Issuers are dependent on the Company and certain other subsidiaries of the Co-Issuers for sufficient cash flow to service the debt. As of December 25, 2022 and December 26, 2021, the outstanding principal balance of the Senior Notes on the separate Co-Issuers' combined balance sheets totaled $1,175,113 and $858,484, respectively.

FBLLC manages and services the Co-Issuers' and the Guarantors' assets in its capacity as the manager under a management agreement (the "Securitization Management Agreement"). The primary responsibilities of the manager are to administer collections and otherwise manage the managed assets on behalf of the Co-Issuers and the Guarantors, and to perform certain franchising, intellectual property, and operational and reporting services on behalf of the Co-Issuers and the Guarantors with respect to the managed assets (see Note 6).

6 Related Party Transactions

The Company recognized royalty fees from SBRs which are owned and operated by affiliates of $5,921, $5,855, and $4,992 in the consolidated statements of operations for the fiscal years ended December 25, 2022, December 26, 2021, and December 27, 2020, respectively.

As discussed in Note 5, the Guarantors entered into the Securitization Management Agreement with FBLLC to perform certain services on behalf of the Guarantors. In exchange for the services, the Company pays a weekly management fee equal to the sum of (i) a base amount of $16,600 and (ii) $11 for every $100 of aggregate collections over the preceding four most recently ended quarterly fiscal periods, divided by 52 or 53, as applicable. Fees are subject to 2% annual increases on the first day of the Company's fiscal year, with a cap as defined in the Securitization Management Agreement. The Company expensed management fees of $46,690, $41,654, and $42,353 in the consolidated statements of operations within Management fee to FBLLC for the fiscal years ended December 25, 2022, December 26, 2021, and December 27, 2020, respectively.

7 Commitments and Contingencies

Legal Actions and Claims

In the normal course of business, various legal actions and claims are pending against the Company. It is the opinion of management, based on consultation with counsel, that the ultimate resolution of these contingencies, to the extent not previously provided for, will not have a material effect on the consolidated financial condition, results of operations or liquidity of the Company.

Consolidated Financial Statements and
Report of Independent Certified Public Accountants

Focus Brands LLC and Subsidiaries

December 25, 2022 and December 26, 2021

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Member
Focus Brands LLC and Subsidiaries

Opinion

We have audited the consolidated financial statements of Focus Brands LLC (a Delaware corporation) and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 25, 2022 and December 26, 2021, and the related consolidated statements of operations, changes in member's deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 25, 2022 and December 26, 2021, and the results of their operations and their 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 of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the 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 for one year after the date the financial statements are issued.

Grant Thornton LLP is the U.S. member firm of Grant Thornton International Ltd (GTIL). GTIL and each of its member firms are separate legal entities and are not a worldwide partnership.

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 US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

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

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

Emphasis of matter
As discussed in Note 1 to the financial statements, the Company has adopted new accounting guidance in 2022 related to Accounting Standards Codification Topic 842-*Leases*. Our opinion is not modified with respect to this matter.

Grant Thornton LLP

Atlanta, Georgia
March 6, 2023

Consolidated balance sheets

(In thousands)

	December 25, 2022	December 26, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 31,196	$ 194,701
Restricted cash and cash equivalents - securitization	27,456	18,273
Accounts receivable, net of allowance for doubtful accounts of $1,383 and $2,757 in 2022 and 2021, respectively	31,935	31,450
Inventories	1,116	834
Prepaid expenses and other current assets	8,720	6,589
Advertising funds assets	6,972	19,349
Income taxes receivable	-	6,898
Intercompany receivables from Parent	3,277	3,277
Total current assets	**110,672**	**281,371**
Property, equipment, leasehold improvements and land, net	59,734	34,522
Operating lease assets, net	75,786	-
Goodwill	120,682	120,163
Intangible assets, net	496,111	498,781
Long-term other assets	13,532	15,231
Total assets	**$ 876,517**	**$ 950,068**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated balance sheets (cont'd)

(In thousands)

	December 25, 2022	December 26, 2021
Liabilities and Member's Deficit		
Current liabilities:		
Accounts payable	$ 8,975	$ 12,585
Accrued expenses and other liabilities	69,013	73,303
Income taxes payable	7,342	-
Advertising funds liabilities	12,693	14,060
Deferred revenue	3,721	3,092
Current portion of operating lease liabilities	15,889	-
Current portion of long-term debt	10,550	8,942
Total current liabilities	**128,183**	**111,982**
Long-term debt	1,151,023	837,698
Long-term operating lease liabilities	67,500	-
Long-term deferred tax liabilities	76,872	72,650
Long-term deferred revenue	56,549	54,783
Long-term other liabilities	1,596	12,154
Total liabilities	**1,481,723**	**1,089,267**
Commitments and contingencies (see Note 11)		
Member's deficit:		
Member's deficit	(605,206)	(139,199)
Total member's deficit	**(605,206)**	**(139,199)**
Total liabilities and member's deficit	**$ 876,517**	**$ 950,068**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of operations

(In thousands)

For the fiscal years ended:	December 25, 2022	December 26, 2021
Revenues:		
Franchise revenues	$ 303,672	$ 262,669
Company store, bakery and restaurant revenues	108,736	106,924
Franchise and other rental revenues	11,598	13,141
Advertising funds revenues	82,346	77,809
Total revenues	**506,352**	**460,543**
Expenses:		
Company store, bakery and restaurant operations expenses	92,920	89,639
Selling, general and administrative expenses	144,543	126,046
Franchise and other rental expense	10,803	12,616
Share-based compensation expense	4,645	912
Advertising funds expenses	83,652	76,218
Depreciation and amortization expense	10,139	14,600
Other operating expense, net	9,784	16,931
Total expenses	**356,486**	**336,962**
Operating income	**149,866**	**123,581**
Interest expense, net	54,736	45,849
Other expense, net	5,940	1,202
Income before income tax expense	**89,190**	**76,530**
Income tax expense	21,135	16,590
Net income	**$ 68,055**	**$ 59,940**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of changes in member's deficit

(In thousands)

		Member's deficit
Balance at December 27, 2020	**$**	**(200,800)**
Cash proceeds retained from the exercise of Parent's stock options		1,182
Share-based compensation expense		912
Purchase of Parent's shares of common stock		(433)
Net income		59,940
Balance at December 26, 2021		**(139,199)**
Cash proceeds retained from the exercise of Parent's stock options		1,935
Share-based compensation expense		4,645
Cash distribution paid to Parent		(540,642)
Net income		68,055
Balance at December 25, 2022	**$**	**(605,206)**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of cash flows

(In thousands)

For the fiscal years ended:	December 25, 2022	December 26, 2021
Cash flows from operating activities:		
Net income	$ 68,055	$ 59,940
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	10,139	14,600
Non-cash interest expense	2,885	2,826
Loss on debt extinguishment	5,940	78
Deferred income taxes	4,222	7,788
Asset impairment losses	423	-
Gain on disposed property, equipment and leasehold improvements, net	(872)	(1,281)
Share-based compensation expense	4,645	912
Recoveries from bad debts	(385)	(275)
Changes in operating assets and liabilities:		
Accounts receivable	(99)	2,321
Inventories, prepaid expenses and other assets	(2,132)	(3,614)
Advertising funds	11,010	1,408
Accounts payable, accrued expenses and other liabilities	(9,010)	18,810
Deferred revenue	2,394	995
Operating lease assets and liabilities	(942)	-
Income tax receivables and payables, net	14,245	(7,563)
Long-term other liabilities	(751)	(3,053)
Net cash provided by operating activities	**109,767**	**93,892**
Cash flows from investing activities:		
Acquisition of stores, bakeries and restaurants	(1,368)	(390)
Purchases of property, equipment and leasehold improvements	(32,462)	(11,218)
Proceeds from sale of stores, bakeries and restaurants	2,319	2,431
Proceeds from sale or disposal of property, equipment and leasehold improvements	23	626
Other investments	-	(2,000)
Net cash used in investing activities	**(31,488)**	**(10,551)**
Cash flows from financing activities:		
Borrowings on revolving credit facility	160,000	-
Payments on revolving credit facility	(5,000)	-
Proceeds from securitized borrowings	355,000	-
Principal payments on debt	(8,859)	(8,957)
Payments on debt extinguishment	(192,148)	(5,558)
Payments on debt modification	(2,887)	(1,398)
Proceeds from issuance of Parent's shares of common stock	1,935	1,182
Purchases of common stock	-	(433)
Distributions to shareholders	(540,642)	-
Net cash used in financing activities	**(232,601)**	**(15,164)**
Net increase (decrease) in Cash and cash equivalents and Restricted cash and cash equivalents - securitization	(154,322)	68,177
Cash and cash equivalents and Restricted cash and cash equivalents - securitization, beginning of period	212,974	144,797
Cash and cash equivalents and Restricted cash and cash equivalents - securitization, end of period	**$ 58,652**	**$ 212,974**

The accompanying notes are an integral part of these consolidated financial statements.

Notes to consolidated financial statements
(Dollars in thousands)

1 Nature of Operations and Summary of Significant Accounting Policies

Organization

Focus Brands LLC ("FBLLC"), a wholly owned subsidiary of Focus Brands Holdings Inc. ("FBHI" or the "Parent"), comprises the worldwide operations of its subsidiaries (the "subsidiaries" and collectively, the "Company") which are principally the franchisors and operators of over 6,600 stores, bakeries, and restaurants ("SBRs", "SBR") in the United States and approximately 60 foreign countries and territories operating under the brand names Carvel®, Cinnabon®, Schlotzsky's®, Moe's®, Auntie Anne's®, McAlister's Deli®, Jamba® and on certain military bases and in certain international markets under the brand name of Seattle's Best Coffee®.

The subsidiaries' business revenues are primarily generated from:

- Franchise revenue including royalty and mix fees, development and franchise fees, licensing fees, rebates from certain vendors, and digital transaction fees;
- Company store, bakery, and restaurant ("Company SBRs") revenue from the operations of SBR locations owned directly by certain of the Company's subsidiaries;
- Franchise and other rental revenues from properties leased and subleased to certain franchisees and other third parties; and
- Advertising funds revenue including contributions from franchisees and Company SBRs and rebates from certain vendors.

Basis of Presentation

All significant intercompany accounts and transactions have been eliminated in consolidation.

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

Certain prior year amounts were reclassified on the consolidated statement of operations to conform with current year presentation.

Fiscal Year

The Company operates on a fifty-two or fifty-three week fiscal year that ends on the last Sunday of the calendar year. The consolidated financial statements for the fiscal years ended December 25, 2022 and December 26, 2021 include fifty-two weeks.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments purchased with an original maturity of three months or less. As of December 25, 2022 and December 26, 2021, Cash and cash equivalents consists of funds on deposit with commercial banks and money market mutual fund accounts.

Restricted Cash and Cash Equivalents

Certain cash and money market mutual fund accounts are in the name of a certain financial institution (the "Trustee") for the benefit of the Trustee and the holders of the Senior Notes (see Note 5), or have been pledged to the Trustee, and are restricted in their use. The Company holds restricted cash comprised of the following: (i) cash collections and cash reserves held by the Trustee to be used for payments of principal, interest, and commitment fees required for the Company's notes, and (ii) any other cash collections related to securitized franchising or licensing activities held in special-purpose, bankruptcy-remote subsidiaries.

Credit Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company places its cash and cash equivalents and restricted cash and cash equivalents, which generally exceed federally insured limits, with high credit quality financial institutions or in money market funds that invest in U.S. Treasury bills, notes, or other obligations issued or guaranteed by the U.S. Government, its agencies, or instrumentalities, and repurchase agreements secured by such obligations or cash. The Company has not experienced any losses in such accounts.

Accounts receivable consists primarily of amounts due from franchisees, vendors, licensees, and gift card retailers. The financial condition of the franchisees and licensees is largely dependent upon the underlying business trends of the Company's brands and market conditions within the quick service restaurant industry, both domestically and internationally. This concentration of credit risk is mitigated, in part, by the large number of franchisees and licensees of each brand and the short-term nature of the related receivables. As of December 25, 2022 and December 26, 2021, no individual franchisee or licensee accounted for more than 10% of total accounts and notes receivable. No individual franchisee or licensee accounted for more than 10% of total revenues for the fiscal years ended December 25, 2022 and December 26, 2021.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are reflected in the consolidated financial statements at cost, net of allowance.

The Company determines the allowance for doubtful accounts based upon a specific review of outstanding customer balances and a general reserve based on the aging of customer accounts and write-off history. Accounts receivable are written off against the allowance for doubtful accounts when it is probable the receivable will not be recovered. The Company monitors the financial condition of its subsidiaries' franchisees, licensees, and vendors and records provisions for estimated losses on receivables when the Company believes that it will be unable to collect the required payments. While the Company uses the best information available in making its determination, the ultimate recovery of recorded receivables is also dependent upon future economic events and other conditions that may be beyond the Company's control.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method.

Property, Equipment, Leasehold Improvements and Land

Property, equipment, and leasehold improvements are recorded at cost, less accumulated depreciation. Land is recorded at cost. Expenditures for major renewals and improvements that extend the useful lives of the related assets are capitalized. Expenditures for normal maintenance and repairs are expensed as incurred.

Depreciation is computed on a straight-line basis using the following estimated useful lives:

	Life
Buildings	20-22 years
Building improvements	Shorter of the life of the building or up to 20 years
Furniture, fixtures and equipment	2-15 years
Computer software and hardware	3-5 years
Leasehold improvements	Lesser of useful life or lease term

The Company records impairment losses on property, equipment, and leasehold improvements when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. Assets determined to be impaired are written down to their estimated fair values using a discounted cash flow model including estimates of salvage values. For the fiscal year ended December 25, 2022, the Company recognized impairment losses on property, equipment, and leasehold improvements on Company SBRs of $423 within Other operating expense, net. No impairment losses were incurred for the fiscal year ended December 26, 2021.

Goodwill and Intangible Assets

Intangible assets consist primarily of goodwill, tradenames, reacquired franchise rights, and franchise agreements. The Company does not amortize goodwill or tradenames. Indefinite-lived intangible assets are evaluated for impairment on an annual basis for each of the subsidiaries which are franchisors and operators of the Company SBRs at year-end, or more frequently when circumstances arise indicating that a particular asset may be impaired.

The impairment evaluation for goodwill and other indefinite-lived intangible assets includes a comparison of the fair value of the subsidiaries which are franchisors and operators of the Company SBRs with their respective carrying value. Fair value is the amount for which the subsidiaries which are franchisors and operators of the Company SBRs could be sold in a current transaction between willing parties. The Company estimates fair value using multiple valuation methodologies, including discounted cash flow models. The operating assumptions used in the discounted cash flow models are generally consistent with past performance and with the projections and assumptions that are used in the Company's current operating plan. Such assumptions are subject to change as a result of changing economic and competitive conditions. If the fair value of the subsidiaries which are franchisors and operators of the Company SBRs is lower than the carrying value, goodwill is written down to fair value. However, the loss recognized cannot exceed the carrying value of the goodwill. If the carrying value of an indefinite-lived intangible asset other than goodwill exceeds fair value, the asset is written down to its fair value.

No impairment losses were recorded for intangible assets during the fiscal years ended December 25, 2022 and December 26, 2021.

Prepaid Expenses and Other Current Assets, and Long-Term Other Assets

As of December 25, 2022, Prepaid expenses and other current assets primarily consists of prepayments of insurance and vendor deposits that are expected to be charged to operations during the next fiscal year and capitalized implementation costs of cloud computing arrangements. The Company amortizes cloud computing costs over the life of the related hosting agreement.

As of December 25, 2022, Long-term other assets primarily consists of prepayments of commissions, favorable sublease assets, operating lease and utilities deposits, deferred receivables related to operating sublease agreements, and other investments. During the fiscal year ended December 26, 2021, the Company made an investment without a readily determinable fair value for $2,000. As of December 25, 2022, the Company continues to value this investment at cost. For the fiscal year ended December 26, 2021, the Company realized a gain of $2,388 within Other expense, net from the sale of a trading security.

As of December 26, 2021, Prepaid expenses and other current assets also included prepayments of rents and Long-term other assets also included favorable lease assets subsequently reclassified to Operating lease assets, net upon the Company's adoption of Accounting Standards Codification ("ASC") 842 – *Leases* ("ASC 842") on December 27, 2021 (the "Effective Date").

Long-Term Other Liabilities

As of December 25, 2022, Long-term other liabilities primarily consists of asset retirement obligations for the Company's corporate offices and certain SBR locations. As of December 26, 2021, Long-term other liabilities also included unfavorable leases and deferred expenses related to operating lease agreements which were subsequently reclassified to Operating lease assets, net with the adoption of ASC 842.

Income Taxes

The Company is included in the consolidated federal income tax return filed by the Parent and is party to an informal tax sharing agreement between the Parent and other members of the consolidated group. The Company accounts for income taxes using the asset and liability method. Under this method, deferred income taxes are recognized for the tax consequences of "temporary differences" by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities.

A tax position is recognized as a benefit only if it is more likely than not that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that has a greater than 50% cumulative likelihood of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The Company recognized no material amounts for uncertain tax positions during the fiscal years ended December 25, 2022 and December 26, 2021. The Company recognizes interest and penalties related to tax positions in Income tax expense.

Based on the evaluation of all available information, a net operating loss carryforward deferred tax asset is only recognized to the extent that realizing these benefits is considered more likely than not (see Note 9).

The Company is subject to state franchise taxes in certain states, which are based on either income or equity of the Company. Franchise tax expense is recorded in Selling, general and administrative expenses. The Company is also subject to withholding taxes in certain international jurisdictions.

Advertising

Certain subsidiaries administer the national advertising funds on behalf of the brands' franchise systems (collectively, the "Ad Funds"). The Ad Funds receive contributions from franchisees as required by their franchise agreements and the Company SBRs based upon a percentage of revenues.

In addition to the Ad Funds they administer, certain subsidiaries supervise the collection and distribution of local advertising funds on behalf of the brands' franchise systems (collectively, the "Local Funds"). Contributions collected from franchisees on behalf of the Local Funds managed by franchisee-directed local advertising groups ("Franchisee-Managed Local Funds") are returned to these funds, which spend the contributions on Company-approved marketing activities. Local Funds managed by the certain subsidiaries ("Company-Managed Local Funds") receive contributions from franchisees, and the Company administers the marketing spending on behalf of the franchisees.

The Ad Funds' and Company-Managed Local Funds' revenues and expenses are reflected within the consolidated statements of operations as Advertising funds revenues and Advertising funds expenses, respectively. When cumulative revenues of the advertising funds exceed the related cumulative advertising expenses, advertising costs are accrued up to the amount of the cumulative surplus.

The Company records the billing, collection, and subsequent distribution of the Franchisee-Managed Local Funds as pass-through transactions within Advertising funds assets and Advertising funds liabilities.

Advertising funds assets primarily consists of accounts receivable from the franchise system and the Company SBRs for contributions to the Ad Funds and Local Funds and vendor receivables.

Advertising funds liabilities consists primarily of accruals for future Ad Funds and Local Funds expenditures.

During the fiscal year ended December 25, 2022, the Ad Funds and Company-Managed Local Funds began transferring all cash received to a certain subsidiary that pays vendors on behalf of the Ad Funds and Company-Managed Local Funds. Outstanding amounts owed to vendors by the certain subsidiary on behalf of the Ad Funds and Company-Managed Local Funds are recorded in Accounts payable as of December 25, 2022 and December 26, 2021.

The Company expenses all other advertising and marketing costs as incurred within Selling, general and administrative expenses. For the fiscal years ended December 25, 2022 and December 26, 2021, the Company expensed $4,941 and $4,833, respectively, in advertising and marketing costs.

Revenue Recognition

Revenue is recognized in accordance with a five-step revenue model, as follows: identifying the contract with the customer; identifying the performance obligations in the contract; determining the transaction price; allocating the transaction price to the performance obligations; and recognizing revenue when (or as) the entity satisfies a performance obligation. In applying this five-step model, the Company determined that the franchise right granted for each individual SBR within an arrangement represents a single performance obligation. Therefore, all consideration within the contract is allocated to the franchise right and recognized over the term of the franchise agreement.

Franchise revenues consists of revenues from franchising activities and are recognized based on the terms of the underlying franchise agreements.

Development fees are recorded as deferred franchise revenue when received and are recognized as revenue on a straight-line basis over the term of each underlying franchise agreement satisfying the development obligation, commencing when the SBR is opened.

Franchise fees are recorded as deferred revenue when received and are recognized as revenue on a straight-line basis over the term of each respective franchise agreement, commencing when the SBR covered by the fees is opened.

Certain franchisees are required to purchase ice cream mix from a certain subsidiary's approved distributors, who in turn source the ice cream mix from that subsidiary's approved manufacturers. Ice cream mix revenues are recognized upon the sale of ice cream mix based upon the respective agreements with the manufacturers, distributors, and the franchisees.

Company SBR revenues are recognized at the point of sale to the end customer, which is when the SBRs' performance obligation is satisfied. The Company presents revenues net of sales taxes collected from customers.

Franchise and other rental revenues includes rental revenue from properties leased and subleased to certain franchisees and other third parties. Base rental revenue is recognized on a straight-line basis over the lease term and contingent rental revenue is recognized as earned (see Note 6).

Advertising funds revenues are recognized as they are earned by the subsidiaries.

Leases

The Company leases SBR and corporate office locations. Certain leased locations are subleased to franchisees subsequent to refranchising transactions. The Company determines if an arrangement is a lease at contract inception. An agreement contains a lease if the contract conveys the right to control the use of identified property or equipment for a period of time in exchange for consideration. At commencement, the Company classifies each lease as either an operating or finance lease where the Company is a lessee, or as an operating, sales-type, or direct financing lease where the Company is a lessor. When determining the lease term, as both lessee and lessor, the Company includes option periods when it is reasonably certain that those options will be exercised.

Where the Company is a lessee, a lease liability and corresponding right-of-use asset are recognized on the lease commencement date based on the present value of the remaining lease payments over the lease term. Payments are discounted using the Company's incremental borrowing rate, as the rate implicit in the Company's leases is not readily determinable. Lease cost for operating leases is recognized on a straight-line basis. Most of the Company's leases are fixed rent agreements and require the Company to pay related executory costs which include property taxes, maintenance, and insurance. Certain leases for SBRs require the payment of additional contingent rent that is based upon a percentage of SBR sales in excess of amounts set forth in the lease agreements. Both the contingent rent and the executory costs are considered variable lease costs and are excluded from the measurement of the lease liability.

Where the Company is a lessor, lease income for operating leases is recognized on a straight-line basis and the excess of the straight-line rent over the minimum rents received is recorded as a deferred lease asset.

Gift Card Program

Certain subsidiaries administer gift card programs on behalf of the franchise systems. The Company records a liability in the period in which a gift card is issued, and this liability is the sole responsibility of those subsidiaries. As gift cards are redeemed, the liability is reduced and cash is paid to the redeeming SBR.

The Company recognizes breakage income from gift cards in proportion to actual gift card redemptions based on historical redemption rates.

Stock Compensation

The Parent grants stock options for a fixed number of shares to key employees and certain non-employee directors. The Company records compensation expense related to share based payments, including stock options, over the requisite service period based on the grant date fair value of the award.

Fair Value Measurements

The guidance for fair value measurements establishes the authoritative definition for fair value, sets out a framework for measuring fair value, and outlines the required disclosures regarding fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

At December 25, 2022 and December 26, 2021, the Company had no financial instruments that are measured at fair value.

Recently Issued Accounting Guidance

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASC 842 requiring a lessee to recognize assets and liabilities on the balance sheet for those leases classified as operating leases under previous guidance. The FASB has also issued various amendments which provide additional clarification and implementation guidance on ASC 842. The effective date and transition requirements for private issuers is for fiscal years beginning after December 15, 2021. The Company adopted this new guidance on the Effective Date using the modified retrospective method. Comparative periods have not been restated and continue to be reported under the previous lease guidance.

The new standard provides a number of optional practical expedients in transition. The Company elected the package of practical expedients, which permits it not to reassess prior conclusions about lease identification, lease classifications, and initial direct costs under the new standard. The Company also elected the practical expedient for lessees to account for lease components and non-lease components as a single lease component for all underlying classes of assets. The Company did not elect the use-of-hindsight practical expedient or the short-term lease recognition exemption.

Changes made to the Company's consolidated balance sheet as of the Effective Date for the adoption of ASC 842 were as follows:

	Balance at December 26, 2021	Adjustments due to ASC 842	Balance at Effective Date
Assets:			
Prepaid expenses and other current assets	$ 6,589	$ (865)	$ 5,724
Operating lease assets, net	-	81,632	81,632
Long-term other assets	15,231	(544)	14,687
Liabilities:			
Current portion of operating lease liabilities	$ -	$ 17,168	$ 17,168
Long-term operating lease liabilities	-	72,763	72,763
Long-term other liabilities	12,154	(9,708)	2,446

The adoption of ASC 842 did not have a material effect on the Company's consolidated statement of operations and consolidated statement of cash flows.

Subsequent Events

The Company discloses material events that occur after the balance sheet date but before financial statements are issued. In general, these events are recognized in the financial statements if the condition existed at the date of the balance sheet, but are not recognized if the condition did not exist at the balance sheet date. The Company discloses non-recognized events if required to keep the financial statements from being misleading. Management evaluated events occurring subsequent to December 25, 2022 through March 6, 2023, the date these consolidated financial statements were available for issuance, and determined that no subsequent event disclosures were required.

2 Revenue

The Company recognizes franchise revenues, Company SBR revenues, rental revenues, and advertising funds revenues as the related performance obligations are satisfied.

The Company generally recognizes revenue associated with franchise and development fees of open SBRs over time. The Company's other revenue streams are generally recognized at a point in time.

Franchise revenues are disaggregated by the timing of recognition as follows:

For the fiscal years ended:	December 25, 2022	December 26, 2021
Franchise revenues satisfied over time	$ 4,303	$ 3,946
Franchise revenues satisfied at a point in time	299,369	258,723
Franchise revenues	**$ 303,672**	**$ 262,669**

Changes in deferred franchise and development fees are as follows:

For the fiscal years ended:	December 25, 2022	December 26, 2021
Deferred revenue at the beginning of the period	$ 57,875	$ 56,881
Revenue recognized during the period	(13,479)	(9,578)
Deferrals due to cash received and other	15,874	10,572
Deferred revenue	**$ 60,270**	**$ 57,875**

The Company expects to recognize revenue in the future related to performance obligations that are partially satisfied as of the end of the period:

For the fiscal years:		
2023	$	3,721
2024		2,988
2025		2,823
2026		2,675
2027		2,510
Thereafter		24,434
Deferred revenue for open SBRs	**$**	**39,151**

Deferred revenue of $21,119 relates to the unsatisfied future performance obligations associated with unopened SBRs and is not included within the table above. The Company anticipates recognizing revenue over the terms of the respective franchise agreements, which are typically 10-20 years, once the related SBRs are opened.

3 Property, Equipment, Leasehold Improvements and Land

Property, equipment, leasehold improvements and land, net consists of the following:

		December 25, 2022		**December 26, 2021**
Buildings	$	11,359	$	11,296
Furniture, fixtures and equipment		22,685		25,624
Leasehold improvements		29,529		29,270
Computer software and hardware		25,468		27,453
Assets held for lease		4,611		4,484
Construction in progress		32,956		5,962
Total property, equipment and leasehold improvements		126,608		104,089
Accumulated depreciation and amortization		(74,369)		(77,062)
Property, equipment and leasehold improvements, net		52,239		27,027
Land		7,495		7,495
Property, equipment, leasehold improvements and land, net	**$**	**59,734**	**$**	**34,522**

Depreciation and amortization of property, equipment and leasehold improvements totaled $6,774 and $10,352 for the fiscal years ended December 25, 2022 and December 26, 2021, respectively. Assets held for lease is largely comprised of satellite SBRs that the Company leases to certain franchisees under month-to-month operating lease agreements. During the fiscal year ended December 25, 2022, the Company recorded significant digital transformation costs to construction in progress, including amounts incurred to develop a new digital platform and enhance the Company's websites and mobile applications.

4 Intangible Assets

Intangible assets, net at December 25, 2022 consists of the following:

	Weighted average amortization period (years)	Gross carrying amount	Accumulated amortization	Net carrying amount
Definite-lived intangibles:				
Franchise agreements	13	$ 16,916	$ (7,187)	$ 9,729
Reacquired franchise rights	12	3,061	(1,202)	1,859
Indefinite-lived intangibles:				
Tradenames	n/a	484,523	n/a	484,523
		$ 504,500	**$ (8,389)**	**$ 496,111**

Intangible assets, net at December 26, 2021 consists of the following:

	Weighted average amortization period (years)	Gross carrying amount	Accumulated amortization	Net carrying amount
Definite-lived intangibles:				
Franchise agreements	13	$ 56,310	$ (43,534)	$ 12,776
Reacquired franchise rights	11	2,845	(1,363)	1,482
Indefinite-lived intangibles:				
Tradenames	n/a	484,523	n/a	484,523
		$ 543,678	**$ (44,897)**	**$ 498,781**

Amortization expense of definite-lived intangible assets totaled $3,365 and $4,248 for the fiscal years ended December 25, 2022 and December 26, 2021, respectively.

Estimated future amortization expense for each of the next five years is as follows:

For the fiscal years:	
2023	$ 1,634
2024	1,634
2025	1,511
2026	1,344
2027	1,344

5 Long-Term Debt

Senior Notes

FOCUS Brands Funding LLC (the "Master Issuer") and Jamba Juice Funding LLC (collectively with the Master Issuer, the "Co-Issuers"), are limited-purpose, bankruptcy-remote, wholly owned indirect subsidiaries of FBLLC and issuers of outstanding senior secured notes under a securitized financing facility. The Co-Issuers have issued the following series of fixed rate senior secured notes that remain outstanding at December 25, 2022: (i) 2022-1 7.206% Class A-2 with an outstanding principal amount of $354,113 (the "2022-1 Class A-2 Notes"), (ii) 2018-1 5.184% Class A-2 with an outstanding principal amount of $288,000, and (iii) 2017-1 5.093% Class A-2-II with an outstanding principal amount of $378,000 (collectively, the "Class A-2 Notes"). In connection with the issuance of the 2022-1 Class A-2 Notes, the Co-Issuers also entered into a revolving financing facility of Series 2022-1 Variable Funding Senior Notes, Class A-1 (the "2022-1 Class A-1 Notes" and collectively with the Class A-2 Notes, the "Senior Notes"), which allows for the drawing of up to $200,000 on a revolving basis.

Interest and principal payments on the Class A-2 Notes are due on a quarterly basis. The requirement to make such quarterly principal payments on the Class A-2 Notes is subject to certain financial conditions set forth in the indenture governing the Senior Notes (the "Indenture"). The legal final maturity dates of the Class A-2 Notes range from 2047 through 2052. If the Co-Issuers have not repaid or refinanced the Class A-2 Notes prior to their anticipated repayment dates, which range from 2025 through 2029, additional interest will accrue pursuant to the Indenture.

Advances under the 2022-1 Class A-1 Notes bear interest at a variable rate based on (i) the prime rate, (ii) the federal funds rate, (iii) the secured overnight financing rate, or (iv) with respect to advances made by conduit investors through the issuance of commercial paper, the commercial paper rate applicable to such conduit investor, plus, in each case, any applicable margin, as specified in the note purchase agreement for the 2022-1 Class A-1 Notes. The 2022-1 Class A-1 Notes are subject to (i) certain commitment fees in respect of the unutilized portion of the commitments of the investors thereunder, and (ii) certain fees in respect of letters of credit issued thereunder. Letters of credit outstanding under the 2022-1 Class A-1 Notes were $18,081 as of December 25, 2022, which related primarily to interest reserves required under the Indenture. The Company does not expect any material loss from these letters of credit because the Company does not believe that any amounts will be drawn thereunder by the beneficiaries thereof. The Company had $155,000 of 2022-1 Class A-1 Notes outstanding as of December 25, 2022. Interest payments on the 2022-1 Class A-1 Notes are due on a quarterly basis.

The Co-Issuers' direct parents and their direct and indirect subsidiaries (collectively, the "Guarantors") are special-purpose, bankruptcy-remote, indirect wholly owned subsidiaries of the Company that hold substantially all the intellectual property and franchising-related assets. The Senior Notes are secured by substantially all the assets of the Guarantors. Each Guarantor is a separate entity and has separate creditors (from the Company and any of its non-Guarantor affiliates), and such Guarantor owns all its assets.

Other than the Guarantors, neither the Company nor any of its other direct or indirect subsidiaries guarantees or is in any way liable for the obligations under the Senior Notes. FBLLC has, however, agreed to cause the performance of certain obligations of the Guarantors in return for a management fee under the terms of a Management Agreement (the "Management Agreement").

FBLLC manages and services the Co-Issuers' and the Guarantors' assets in its capacity as the manager under the Management Agreement. The primary responsibilities of the manager are to administer collections and otherwise manage the managed assets on behalf of the Co-Issuers and the Guarantors, and to perform certain franchising, intellectual property, and operational and reporting services on behalf of the Co-Issuers and the Guarantors with respect to the managed assets.

Covenants and Restrictions

The Senior Notes are subject to a series of covenants and restrictions customary for transactions of this type, including (i) debt service coverage ratios and senior leverage ratios, as defined in the Indenture, (ii) the maintenance of specified reserve accounts to be used to make required payments in respect of the Senior Notes, and (iii) provisions relating to optional and mandatory prepayments, including certain make-whole payments. The Senior Notes are also subject to customary rapid amortization events and customary events of default provided for in the Indenture. As of December 25, 2022, the Company was in compliance with all such covenants.

Refinancing Transactions

On July 1, 2022, the Co-Issuers completed a refinancing transaction under which the Co-Issuers issued the 2022-1 Class A-2 Notes and the 2022-1 Class A-1 Notes (the "2022 Refinancing"). The net proceeds from the issuance of the 2022-1 Class A-2 Notes were used to repay in full the Co-Issuers' outstanding Series 2017-1 3.857% Fixed Rate Senior Secured Notes, Class A-2-I-B (the "2017-1 Class A-2-I-B Notes"), pay transaction expenses, and partially fund a distribution to the shareholders of FBHI (the "Distribution"). As a result of the refinancing, the Company recorded a loss on early extinguishment of debt of $5,940 within Other expense, net for the year ended December 25, 2022. In addition, as part of the 2022 Refinancing, the 2022-1 Class A-1 Notes replaced the Co-Issuers' $200,000 Series 2017-1 Class A-1 Notes, which were canceled on the closing date of the 2022 Refinancing, and the letters of credit outstanding against the Series 2017-1 Class A-1 Notes were transferred to the 2022-1 Class A-1 Notes.

On March 18, 2021, the Co-Issuers completed a consent solicitation (the "Consent Solicitation") in relation to Series 2017-1 3.857% Fixed Rate Senior Secured Notes, Class A-2-I (the "2017-1 Class A-2-I Notes"). The purpose of the Consent Solicitation was to seek consent from holders (the "Holders") of the 2017-1 Class A-2-I Notes to certain proposed amendments, including the extension of the anticipated repayment date for the 2017-1 Class A-2-I Notes to April 30, 2024. The Co-Issuers received consents from Holders of $186,942 in aggregate principal amount outstanding of its 2017-1 Class A-2-I Notes, representing 97.11% of the total principal amount outstanding of $192,500. The 2017-1 Class A-2-I Notes of all consenting Holders became the 2017-1 Class A-2-I-B Notes. The Company paid the non-consenting Holders $5,558 in principal on the 2017-1 Class A-2-I Notes prior to the April 30, 2021 repayment date. The Company expensed $3,512 in professional fees and $78 in unamortized debt issuance costs within Other expense, net for the fiscal year ended December 26, 2021 in connection with the Consent Solicitation.

Debt Issuance Costs

Debt issuance costs of $6,691 in connection with the 2022 Refinancing were recorded as a reduction of Long-term debt for the year ended December 25, 2022. The debt issuance costs are being amortized to Interest expense, net through the anticipated repayment date utilizing the effective interest rate method.

Future Principal Payments on Long-Term Debt

The annual principal payment requirements for long-term debt based on the anticipated repayment dates of the Senior Notes, subject to certain financial conditions set forth in the Indenture, are as follows:

For the fiscal years:		
2023	$	10,550
2024		10,550
2025		289,550
2026		7,550
2027		520,550
Thereafter		336,363
Total		**1,175,113**
Less: Debt discount and issuance costs		(13,540)
Debt less discount and issuance costs		1,161,573
Less: Current portion		(10,550)
Long-term debt	**$**	**1,151,023**

Interest expense, net consists of the following:

For the fiscal years ended:		**December 25, 2022**		**December 26, 2021**
Credit facilities	$	54,518	$	43,032
Amortization of debt discount		238		376
Amortization of debt issuance costs		2,647		2,450
Interest income		(1,990)		(189)
Other		(677)		180
Interest expense, net	**$**	**54,736**	**$**	**45,849**

6 Leases

Certain Company offices and SBRs are located on leased properties with initial terms expiring in various years through 2042, subject to renewal provisions in certain of the lease agreements.

The components of lease cost for the fiscal year ended December 25, 2022 were as follows:

For the fiscal year ended:		December 25, 2022
Operating lease costs	$	19,080
Variable lease cost		2,196
Total operating lease costs	**$**	**21,276**

Total operating lease costs include rental expense related to leases for Company SBRs recorded to Company store, bakery and restaurant operations expenses, leased properties that are subsequently subleased to franchisees recorded to Franchise and other rental expense, and leases for corporate offices recorded to Selling, general and administrative expenses. Variable lease costs are primarily comprised of common area maintenance, real estate taxes, and contingent rent that is based upon a percentage of SBR sales.

The components of rental expense for operating leases for the fiscal year ended December 26, 2021, accounted for under previous guidance, were as follows:

For the fiscal year ended:		December 26, 2021
Base rentals	$	22,719
Contingent rentals		95
Rental expense recognized for exited facilities		587
Favorable and unfavorable lease amortization, net		(932)
Total rental expense	**$**	**22,469**

Total rental expense includes expense related to leases for Company SBRs recorded to Company store, bakery and restaurant operations expenses, leased properties that are subsequently subleased to franchisees recorded to Franchise and other rental expense, and leases for corporate offices recorded to Selling, general and administrative expenses.

The following table includes supplemental information related to leases:

		December 25, 2022
Weighted-average remaining lease term (years)		8.9
Weighted-average discount rate		3.7%
Operating lease assets, gross	$	92,013
Accumulated amortization		(16,227)
Operating lease assets, net	**$**	**75,786**

Future minimum lease payments, receipts, and other obligations by year, and in the aggregate, under non-cancelable operating leases and subleases or other arrangements as of December 25, 2022 are as follows:

For the fiscal years:	Payments - Operating leases	Receipts - Subleases
2023	$ 18,670	$ (9,544)
2024	15,805	(7,530)
2025	13,208	(5,120)
2026	10,832	(3,803)
2027	7,654	(1,969)
Thereafter	33,075	(1,110)
Total future minimum rental commitments	**99,244**	**(29,076)**
Less: Imputed interest	(15,855)	-
Present value of lease liabilities	**83,389**	**$ (29,076)**
Less: Current portion	(15,889)	
Long-term operating lease liabilities	**$ 67,500**	

The components of lease income for the fiscal year ended December 25, 2022 were as follows:

For the fiscal year ended:	December 25, 2022
Operating lease income	$ 11,496
Variable lease income	102
Franchise and other rental revenues	**$ 11,598**

The components of rental income for operating leases and subleases for the fiscal year ended December 26, 2021, accounted for under previous guidance, were as follows:

For the fiscal year ended:	December 26, 2021
Base rentals	$ 13,988
Contingent rentals	85
Favorable and unfavorable sublease amortization, net	(932)
Franchise and other rental revenues	**$ 13,141**

7 Stock Compensation

The Board of Directors of the Parent (the "Board") approved the 2022 Stock Option Plan (the "2022 Plan") in the fiscal year ended December 25, 2022. The Parent issues equity incentive grants under the 2022 Plan. Prior to the 2022 Plan, equity incentive grants were issued under the 2013 Stock Option Plan and 2002 Incentive Stock Plan (collectively with the 2022 Plan, the "Plans"). The 2022 Plan authorizes the granting of options to purchase common stock of the Parent and was established in order to attract and retain eligible employees, directors, and consultants and to provide an additional incentive to each eligible employee, director, and consultant to work to increase the value of the Parent's common stock. The Plans are administered by the Board. The Board has the authority to determine the amount of options granted to any individual, the dates on which each option will become exercisable, and the exercise price of all options subject to certain limitations in the Plans. As of December 25, 2022, there were 9,687 options available for issuance under the 2022 Plan.

The option vesting periods range from immediate vesting to a five-year vesting period, with accelerated vesting in the event of a change in control under certain circumstances, as defined in the Plans. In addition, certain options have vesting requirements based upon achieving certain operating results. The options expire 10 years from the date of grant or in the event of a change in control under certain circumstances, as defined in the Plans.

The weighted average grant date fair value of options granted during the fiscal years ended December 25, 2022 and December 26, 2021 was $87.99 and $91.18, respectively, per option. The Parent reduced the exercise prices of outstanding options to make all option holders whole in conjunction with the Distribution.

Stock option activity for all plans for the fiscal years ended December 25, 2022 and December 26, 2021 was as follows:

	Number of shares	Weighted average exercise price
Outstanding at December 27, 2020	**185,791**	**$ 182.17**
Granted	7,900	246.00
Exercised	(6,783)	174.20
Forfeited or expired	(42,767)	200.71
Outstanding at December 26, 2021	**144,141**	**180.54**
Granted	164,106	207.27
Exercised	(15,093)	128.24
Forfeited or expired	(74,317)	151.61
Outstanding at December 25, 2022	**218,837**	**$ 182.43**

Options outstanding			Options exercisable	
Weighted average exercise price	Shares outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Shares outstanding
$ 182.43	218,837	8.89	$ 169.16	48,622

The fair value of options granted is estimated on the date of grant using the Black-Scholes option pricing model based on the assumptions in the table below:

For the fiscal years ended:	December 25, 2022	December 26, 2021
Expected life (years)	5	5
Interest rate	4.32%	0.72%
Volatility	41.05%	41.71%
Dividend yield	0.00%	0.00%

The expected term of the options is based on evaluations of historical and expected future employee exercise behavior. The risk-free interest rate is based on the U.S. Treasury rates at the date of grant with maturity dates approximately equal to the expected life at the grant date. Volatility is based on the historical volatility of several public entities that are similar to the Parent as the Parent does not have sufficient historical transactions of its own shares on which to base expected volatility. As of December 25, 2022, the Parent does not intend to pay distributions in the future.

The Company recognizes compensation expense for awards with graded vesting on a straight-line basis over the requisite service period for each separately vesting portion of the award. The total compensation expense related to unvested awards not yet recognized in the financial statements is $10,346. This amount will be recognized as expense through 2027.

The Company administers substantially all operational activities on behalf of the Parent, and as a result, stock-based compensation expense is recorded in the consolidated financial statements of the Company. Additionally, cash consideration from the exercise of options and other equity instruments and the excess tax benefit of stock options exercised are typically contributed to the Company by the Parent.

8 Employee Benefits

The Company sponsors a 401(k) Plan (the "401(k) Plan"). Employees can participate in the 401(k) Plan upon commencement of employment. The 401(k) Plan is available to substantially all salaried employees and to certain groups of hourly employees. Company contributions to the 401(k) Plan are based on a percentage of the employee contributions and are immediately vested. Employer contributions to the 401(k) Plan were $2,568 and $2,236 for the fiscal years ended December 25, 2022 and December 26, 2021, respectively.

9 Income Taxes

Components of the provision for income taxes are as follows:

For the fiscal years ended:	December 25, 2022	December 26, 2021
Current:		
Federal	$ 10,615	$ 4,732
State	3,952	2,437
Foreign	2,346	1,633
Deferred:		
Federal	4,060	7,667
State	162	121
Income tax expense	**$ 21,135**	**$ 16,590**

The reconciliation between the statutory income tax rate and the effective income tax rate is as follows:

For the fiscal years ended:	December 25, 2022	December 26, 2021
Statutory rate	21.0 %	21.0 %
State income tax, net of federal tax effect	3.7	2.7
Foreign income tax, net of federal tax effect	2.6	2.1
Foreign tax credits	(2.5)	(2.2)
Permanent differences	(0.9)	(1.5)
Other differences, net	(0.2)	(0.4)
Effective tax rate	**23.7 %**	**21.7 %**

Significant components of the Company's deferred tax (liabilities) assets are as follows:

	December 25, 2022	December 26, 2021
Deferred tax liabilities:		
Intangible assets	$ (128,199)	$ (124,965)
Operating lease assets	(18,535)	-
Prepaid costs and expenses	(2,250)	(2,164)
Depreciable assets	-	(678)
Other	(253)	(14)
Total deferred tax liabilities	**(149,237)**	**(127,821)**
Deferred tax assets:		
Net operating loss and tax credit carryforwards	24,895	29,560
Operating lease liabilities	20,436	-
Reserves and allowances	694	1,976
Accrued expenses	5,828	8,962
Depreciable assets	1,225	-
Deferred revenue	14,792	13,091
Transaction costs	29	46
Interest limitation carryforward	3,618	1,327
Research and development costs	279	-
Interest expense and other	571	211
Total deferred tax assets	**72,367**	**55,173**
Less: Valuation allowance	(2)	(2)
Total deferred tax assets, net	**72,365**	**55,171**
Net deferred tax liabilities	**$ (76,872)**	**$ (72,650)**

Management evaluates the likelihood of deferred tax assets being realized and records a valuation allowance when it is more likely than not that the assets will not be realized.

As of December 25, 2022, the Company had $75,977 of federal net operating loss carryforwards and $128,374 of state net operating loss carryforwards. These net operating loss carryforwards expire beginning in 2028. As of December 26, 2021, the Company had $94,406 of federal net operating loss carryforwards and $132,091 of state net operating loss carryforwards. Realization of the Company's deferred tax assets, including those associated with the net operating loss carryforwards as of December 25, 2022, will depend on generating sufficient taxable income in future periods, net of reversing deferred tax liabilities. The Company believes it is more likely than not that the deferred tax assets will be realized.

Foreign income taxes arise from withholding taxes associated with payments of royalties and fees by international franchisees.

As of December 25, 2022 and December 26, 2021, the Company had no material unrecognized tax benefits.

As discussed in Note 1, the Company is included in the consolidated return of the Parent. The Parent files U.S., state, and local income tax returns in jurisdictions with varying statutes of limitation. The tax years subsequent to 2018 generally remain subject to examination by federal and most state tax authorities. However, certain state returns from prior years in which net operating losses have arisen are still open for examination by the tax authorities.

10 Related Party Transactions

The Parent is a party to two management services agreements with affiliated entities. Under the terms of those agreements, the Company, on behalf of the Parent, pays annual management fees to affiliated entities. The Company expensed annual management fees of $3,119 and $3,017 for the fiscal years ended December 25, 2022 and December 26, 2021, respectively, which are included within Other operating expense, net. The two management advisory and consulting services agreements expire in December 2023, subject to certain renewal provisions.

11 Commitments and Contingencies

Legal Actions and Claims

In the normal course of business, various legal actions and claims are pending against the Company. It is the opinion of management, based on consultation with counsel, that the ultimate resolution of these contingencies, to the extent not previously provided for, will not have a material effect on the consolidated financial condition, results of operations, or liquidity of the Company.

Lease Arrangements and Guarantees

Certain subsidiaries are the guarantors of certain real property lease arrangements on behalf of certain of their franchisees. The potential maximum future minimum lease payments these subsidiaries could be held liable for under these lease arrangements and guarantees was $40,843 as of December 25, 2022, and the subsidiaries expect that any amounts that may ultimately be paid thereunder will not be material.

12 Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities consists of:

	December 25, 2022	December 26, 2021
Gift card and gift certificate liabilities	$ 25,148	$ 22,487
Payroll and benefits accruals	20,132	23,116
Accrued interest	11,269	6,786
Customer and other deposits	2,447	2,185
Sales and use tax accruals	852	1,129
Other accrued expenses	9,165	17,600
Accrued expenses and other liabilities	**$ 69,013**	**$ 73,303**

13 Long-Term Other Liabilities

Long-term other liabilities consists of:

	December 25, 2022	December 26, 2021
Unfavorable subleases	$ 325	$ 2,519
Deferred rent	-	5,889
Accrued rent - exited facilities	-	2,567
Asset retirement obligations	935	887
Other long-term liabilities	336	292
Long-term other liabilities	**$ 1,596**	**$ 12,154**

14 Other Operating Expense

Other operating expense, net consists of the following:

For the fiscal years ended:	December 25, 2022	December 26, 2021
Digital transformation costs	$ 9,001	$ 5,047
Management fees to affiliated entities	3,119	3,017
Supply chain transformation costs	205	7,876
COVID-19 charges	135	1,959
Gain on sale of Company SBRs	(449)	(1,281)
Settlement of Jamba contingencies	(2,349)	-
Other	122	313
Other operating expense, net	**$ 9,784**	**$ 16,931**

Digital transformation costs include non-capitalizable expenses incurred to develop a new digital platform and enhance the Company's websites and mobile applications. Supply chain transformation costs are primarily comprised of consulting fees to plan and implement internal changes to the Company's supply chain function.

15 Supplemental Disclosure of Cash Flow Information

Supplemental disclosure of cash flow information for the fiscal years ended December 25, 2022 and December 26, 2021 is as follows:

Cash paid for:	December 25, 2022	December 26, 2021
Interest	$ 48,045	$ 43,044
Income taxes, net	327	14,807
Non-cash transactions:		
Accrual of capital assets	$ 1,599	$ 1,023
Asset retirement obligations	101	50

EXHIBIT B

SCHLOTZSKY'S FRANCHISE AGREEMENT AND RELATED AGREEMENTS

SCHLOTZSKY'S® FRANCHISE AGREEMENT

BETWEEN

SCHLOTZSKY'S FRANCHISOR SPV LLC

AND

«Z1_FIRST_NAME» «Z1_LAST_NAME»«Z2_FIRST_NAME»«Z2_LAST_NAME»«Z3_FIRST_NAME»« Z3_LAST_NAME»«Z4_FIRST_NAME»«Z4_LAST_NAME»«Z5_FIRST_NAME»«Z 5_LAST_NAME»

License Number: **«record_id»**
Restaurant Number: **«Store_Number»**
License Type: **«license_type»**

SCHLOTZSKY'S® FRANCHISE AGREEMENT

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SCHLOTZSKY'S® FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this **"Agreement"**) is made and entered into as of the date specified in Schedule A (the **"Effective Date"**) (Schedule A and all appendices and schedules attached to this Agreement are hereby incorporated by this reference) between the franchisor specified in Schedule A (**"Franchisor**,**" "we**,**" "us**,**"** or **"our"**) and the franchisee specified in Schedule A (**"Franchisee**,**" "you**,**"** or **"your"**).

RECITALS:

A. We and our affiliates have developed and own, and will continue to develop, a distinctive business format and set of specifications and operating procedures (collectively, the **"System"**) relating to the development, establishment, and operation of food-related businesses offering the approved products specified in Schedule A (the **"Approved Products"**) under the primary trademark or service mark specified in Schedule A (the **"Primary Mark"**).

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

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

D. We refer to businesses that use the System and are identified by the Marks as **"Businesses."** You desire to obtain a license to use the System and the Marks to operate one Business, and we are willing to grant you a license to operate a Business, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, for and in consideration of the foregoing promises and the covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. GRANT OF FRANCHISE

1.1 Grant of Franchise. Subject to the terms of this Agreement, we grant to you, and you accept, a non-exclusive license to operate one Business using the Marks and the System (collectively, your **"Franchised Business"**). The Franchised Business will be operated only at the location specified in Schedule A (the **"Accepted Location"**) or, if we have not yet accepted a site for the Franchised Business as of the date of this Agreement, at a location that we have accepted in accordance with this Agreement within the geographic area specified in Schedule A (the **"Site Selection Area"**).

1.2 Restrictions. You have no right to (i) sublicense the Marks or the System to any other person or Entity (as defined below), (ii) use the Marks or the System at any location other than the Accepted Location, except as otherwise provided in Section 4.3 (Catering Services and Delivery Services) or as otherwise approved in writing, or (iii) to use the Marks or the System in any wholesale, e-commerce, or other channel of distribution besides the operation of the Franchised Business at the Accepted Location.

1.3 Acceptance of License. You hereby accept the license granted in Section 1.1 (Grant of Franchise) and agree to operate the Franchised Business according to the provisions of this Agreement for the entire Term, as defined in Section 2.2 (Renewal Term).

1.4 Ownership and Guaranty.

A. Owners of Equity. If you are a corporation, limited liability company, partnership, or other entity (collectively, an **"Entity"**), all of your owners of a legal and/or beneficial interest in the Entity, as such owners may be added or removed from time to time in accordance with Section 16 (Transfer) (the **"Owners"**) must execute the "Personal Covenants" that is attached in Schedule B (the "**Personal Covenants**") and the "Guaranty of Payment and Performance" that is attached in Schedule C (the **"Guaranty"**). By executing the Personal Covenants and Guaranty, each Owner will be bound by the provisions contained in this Agreement, including the restrictions set forth in Section 15 (Confidential Information; Restrictive Covenants). Further, a violation of any of the provisions of this Agreement, by any Owner will also constitute a violation by you of your obligations under this Agreement. You represent that the individuals and Entities listed as "Owners" on Schedule A are currently your sole Owners. If you add or remove Owners in accordance with Section 16 (Transfer), we may unilaterally modify the list of Owners in Schedule A to reflect your then-current ownership structure.

B. Primary Contact. You must identify to us in writing an individual, who is reasonably acceptable to us, to serve as your **"Primary Contact."** You must empower the Primary Contact with the responsibility and decision-making authority regarding the Franchised Business and its operation, and you acknowledge and agree that we will have the right to rely upon the Primary Contact for such purposes. Your Primary Contact must successfully complete any training programs that we specify and must satisfy any other standards we may require for their position. You must notify us immediately of the death, disability, or termination of employment of your Primary Contact and must designate a successor or acting Primary Contact within 30 days after the death, disability, or termination of the predecessor. Additionally, you may not remove or replace the Primary Contact without our prior written approval.

C. Governing Documents. If you are (or Transfer this Agreement to) an Entity, upon our request, you agree to furnish us with a list of holders of direct or indirect equity interests and their percentage interests, as well as copies of your governing documents and any other corporate

documents, books, or records, including certificates of good standing from your state. Unless we provide written consent to the contrary, your governing documents must provide that your purpose is limited to the development, acquisition, ownership and operation of one or more franchises with us and to conducting all business and financing activities related to such franchises. The Owners may not enter into any shareholders' agreement, management or operating agreement, voting trust, or other arrangement that gives a third party the power to direct and control your affairs without our prior written consent. During the Term, your governing documents must provide that no transfer of any ownership interest may be made, except in accordance with Section 16 (Transfer) of this Agreement. Any securities that you issue must bear a conspicuous printed legend to that effect.

2. TERM AND RENEWAL TERM

2.1 Initial Term. The initial term of this Agreement (the **"Initial Term"**) will begin on the Effective Date and will end 20 years from the date that your Franchised Business opens for business (the **"Opening Date"**), unless this Agreement is terminated sooner as provided in other sections of this Agreement.

2.2 Renewal Term.

A. Grant of Renewal Term. We may, in our reasonable discretion, grant you one additional 20-year term (the **"Renewal Term**,**"** and collectively, with the Initial Term, the **"Term"**). To obtain the Renewal Term, (i) at all times during the Term, you must have substantially and timely complied with each provision of this Agreement and any other agreements between you and us, our affiliates, or your landlord and you must not have any defaults in existence as of the expiration of the Initial Term, and (ii) you must request, in writing, no earlier than 12 months, but no later than six months before the expiration of the Initial Term, that we grant you a Renewal Term. We will then provide you with an Application for a Renewal Term (an **"Application"**), which you must complete and return to us within 10 days after we deliver it to you. We will evaluate your Application under substantially the same standards as we evaluate an application for a franchise submitted by a then-new franchisee.

B. Conditions for Renewal Term. If we approve your Application, you must:

(i) Agree in writing before the Renewal Term begins that you will make the significant capital expenditures necessary to complete a Remodel (as defined in Section 12.6.B. (Remodel)) within six months after the Renewal Term begins.

(ii) Sign and return our then-current form of franchise agreement (the **"Renewal Agreement"**) within 30 days after we deliver it to you and pay a renewal fee equal to 20% of the amount of the then-current Initial Franchise Fee. You agree that the Renewal Agreement may contain terms that differ materially from this Agreement.

(iii) Sign a general release in a form we prepare, releasing us and our parents, subsidiaries, and affiliates and the respective directors, officers, owners, shareholders, partners, members, managers, representatives, employees, agents, attorneys, contractors, predecessors, successors, heirs and assigns of each of the foregoing (in their corporate and individual capacities) (collectively, the **"Released Parties"**), from all claims you may have against the Released Parties as of the date of the Renewal Agreement. Your Owners must also sign the general release required in the previous sentence. Released Parties is not intended to include suppliers or distributors to you that are not affiliated with us and are not acting as our agent.

(iv) Secure the right from your landlord to continue operating at the Accepted Location for the remainder of the Renewal Term. Alternatively, we may require you to relocate your Franchised Business if we find that the Accepted Location does not meet our then-current standards at the time we consider your Application.

C. No Automatic Right. You agree that this Agreement does not grant you any automatic rights to a Renewal Term and that we will not be obligated to offer you a Renewal Term. The sole basis for any extension of your franchise rights beyond the Initial Term is in this Section.

D. Extension Period. If you do not timely comply with the renewal procedures and conditions set forth in this Section and you continue to operate the Franchised Business beyond the Initial Term, this Agreement shall be extended on a month-to-month basis until such time as (i) the conditions set forth in this Section are satisfied or (ii) we notify you that this Agreement is terminated (the "**Extension Period**") (in which case, you must fully comply with all provisions of this Agreement throughout the Extension Period, as if this Agreement had not expired, and upon notice of termination of this Agreement, you shall comply with all post-termination obligations in this Agreement).

3. FEES

3.1 Initial Franchise Fee. When you sign this Agreement, you will pay us an initial franchise fee as specified in Schedule A (the **"Initial Franchise Fee"**). When we sign this Agreement, the Initial Franchise Fee is fully earned and nonrefundable. You acknowledge that we have no obligation to refund any portion of the Initial Franchise Fee to you, even if this Agreement is terminated prior to opening the Franchised Business.

3.2 Ongoing Fees.

A. Royalty Fee. You must pay to us a recurring, non-refundable royalty fee in the amount and at the times specified in Schedule A (the **"Royalty Fee"**). Concurrent with these payments, you must submit to us any reports or statements required under Section 14.3 (Systems and Reports).

B. Advertising Contribution. You must pay to us a recurring, non-refundable advertising contribution in the amount and at the times specified in Schedule A (the "**Advertising Contribution"**). The Advertising Contribution will be in addition to, and exclusive of, your Grand Opening Obligation as specified in Section 10.1.C. (Grand Opening Advertising) and your Local Marketing Obligation as specified in Section 10.1.E. (Local Marketing Obligation), if any.

C. Net Sales. **"Net Sales"** means all revenues generated by your Franchised Business or conducted from or with respect to the Franchised Business, whether the sales are evidenced by cash, check, credit, charge, account, barter or exchange. Net Sales includes monies, gift card redemptions, or credit generated by or received from (i) the sale of Approved Products or tangible property of every kind and nature, promotional or otherwise, anywhere and (ii) services performed from, at, or in connection with the Franchised Business, including (x) off-premises services (such as catering and delivery), (y) on-premises services (such as games, gambling machines, or third-party advertising within the Franchised Business), or (z) any other services or activities that use either the System, the Marks, or products that are the same as or similar to the Approved Products. The foregoing list is not intended to provide approval for such activities, which may be conducted only if approved. Unless we specify otherwise in writing, Net Sales shall include all ancillary charges or fees, including delivery fees and other service charges,

that are paid to you by a customer or by a third-party delivery or catering service (e.g., Uber Eats, Postmates, Grubhub, ezCater, or DoorDash) (a "**TPS**") in connection with delivery or catering services related to your Franchised Business (recognizing that though the TPS may pay you an amount equal to the purchase price charged to the customer less a commission, other fees, and any discounts, credits, or coupons applied to the order, such commission, fees, discounts, credits, and coupons will not be deducted from your Net Sales). Net Sales will not include (a) the initial sales or reloading of gift cards, (b) discounts, (c) the sale of food or merchandise for which refunds have been made in good faith to customers, (d) the discounted portion of employee meals, (e) sales, meals, use or excise tax imposed by a governmental authority directly on sales and collected from customers, provided that the amount for the tax is added to the selling price or absorbed therein and is actually paid by you to a governmental authority, (f) the sale of equipment used in the operation of the Franchised Business, or (g) tips.

D. Ordering Support Fee. We require you to pay to us, our affiliates, and/or one or more third parties that we designate, an ordering support fee, in an amount and at the times that we specify, for various ordering support services that we will provide or arrange for our affiliates or third parties to provide, such as services related to online and catering ordering platforms, call center(s), ordering and delivery management services, and catering rewards program(s) (the "**Ordering Support Fee**"). We may include in the fee our and our affiliates' costs and administrative expenses related to procuring, providing, and/or developing the services, including the costs of integrating such services with the Computer System. We periodically may add, delete, or otherwise modify the products and services that are included in the Ordering Support Fee.

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

3.4 Means of Payment. You must pay all amounts you owe us by electronic funds transfer or draft. We reserve the right to require you to deliver these payments to another party or location, or through any other means of delivery we specify, including by check, electronic funds transfer or draft, wire transfer, or other forms of funds transfer. We also reserve the right to change the due dates or frequency of the due dates of the amounts that you owe to us under this Agreement. We will notify you when we change the location for payments, the required payment delivery method, the due dates, or the frequency of the due dates for payments. You must comply with any new or additional procedures as we may specify in the Manuals or otherwise, in writing, and/or perform any acts and sign and deliver any documents we designate as necessary to assist in accomplishing payment by the method that we specify within 30 days of our notice to you. If there are insufficient funds in your account to cover our draft, we will charge you return costs and an administrative fee. The written authorizations and documents that you must sign as provided under this Section may give us the right to initiate debit entries and/or credit corrections entries. We may make bank drafts based on the reports required under Section 14 (Right to Access;

Records; Reporting), the data of the point-of-sale system and other equipment provided for in Section 12.8 (Computer System), the results of an audit, or the payment obligations specified in this Agreement or any other agreement between you and us or our affiliates. If you fail to report the Net Sales of the Franchised Business to us for any reporting period as required in this Agreement, we have the right to make bank transfers or drafts for Royalty Fees and Advertising Contributions based on our reasonable estimate of the amounts for the Franchised Business and/or the data of the point-of-sale system and other equipment provided for in Section 12.8.

3.5 Interest. You must pay us interest on amounts not paid on time at the rate of 1.5% per month or portion of a month, but not more than the maximum interest rate permitted by applicable laws.

3.6 Late Reporting Fee. If you fail to submit timely, complete, and accurate reports, financial statements, tax returns, and statements of initial investment costs in accordance with Sections 14.3 (Systems and Reports), 14.4 (Financial Statements), 14.5 (Tax Returns), and 14.7 (Initial Investment Statements), we may charge you our then-current late fee (the **"Late Reporting Fee"**). The Late Reporting Fee is currently $50 per week that such report, statement, or return is late, but we may revise it through a modification to the Manuals or otherwise in writing.

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

4. RESERVED RIGHTS

4.1 Reserved Rights. Unless specified otherwise in Schedule A, you do not have any protected or exclusive rights under this Agreement. We reserve all rights that we do not expressly grant you in this Agreement, including those rights described in Schedule A.

4.2 No Marketing Exclusivity. You agree that: (i) nothing in this Agreement grants you any marketing exclusivity as to particular customers; and (ii) we, our affiliates, and our and their other franchisees may solicit customers in, and service customers who are from, any geographic location we or they desire, including locations close to your Franchised Business.

4.3 Catering Services and Delivery Services. We require you to offer catering services ("**Catering Services**") and delivery services (**"Delivery Services"**) and you must do so in accordance with the terms of the Manuals and this Agreement. You may only provide Delivery Services through a TPS that we approve or designate. If a TPS is unavailable to provide Delivery Services for your Franchised Business, you may not be required to offer Delivery Services, subject to our written approval. You acknowledge that we, our affiliates, and other franchisees may provide Catering Services and Delivery Services near your Franchised Business. We retain the right to revise and/or make exceptions to our Catering Services and Delivery Services policies as they apply to you and our other franchisees. We reserve the right to limit the geographic area in which you provide Catering Services and/or Delivery Services.

5. SITE IDENTIFICATION AND ACQUISITION

5.1 Accepted Location. You must establish and operate the Franchised Business only at the Accepted Location. You will not conduct, and you will not permit the conduct of, any business

from the Accepted Location other than the Franchised Business. You must obtain our prior written consent if you wish to co-brand the Franchised Business with another business. You will not conduct, and you will not permit the conduct of any, sale of Approved Products using the Marks at any location other than the Accepted Location (except for the Catering Services and Delivery Services described in Section 4.3) without our prior written consent. If we consent to operations away from your Accepted Location, you will have to execute a separate agreement concerning your mobile or satellite business operations, which may include limitations on the type of activities that you may conduct and may include additional or different financial terms.

5.2 Our Assistance. We may assist you in selecting a proposed site for your Franchised Business (a **"Proposed Location"**), but we are not obligated to do so. You should undertake your own investigation of any Proposed Location and should not rely on any information from us in selecting the Proposed Location.

5.3 Acceptance of Proposed Location. If you and we have agreed on an Accepted Location at the time we sign this Agreement, we will insert the Accepted Location into Schedule A. If you and we have not agreed on an Accepted Location at the time we sign this Agreement, you will select a Proposed Location that complies with our site selection criteria within the Site Selection Area. You will provide us with all material we request to evaluate the suitability of the Proposed Location for your Franchised Business along with a site plan for the Proposed Location. We will provide you with our acceptance or non-acceptance of the Proposed Location within 15 days after you deliver the last item of materials we request, and our determination will be final. If we accept the Proposed Location as the Accepted Location, you must sign standard documentation we prepare, which includes a general release, to document the Accepted Location. Our acceptance of any Proposed Location is our agreement that the Proposed Location satisfies our minimum site selection criteria only and will not be construed as a representation or warranty that the Franchised Business located at the Proposed Location will be successful.

5.4 Site Acquisition.

A. Acceptance and Execution of Site Agreement. You must deliver a copy of the signed lease, sublease, or other rental agreement for the location (the **"Lease"**) or purchase agreement for the location (the **"Purchase Agreement"** and, collectively with the Lease, the **"Site Agreement"**) to us with all material terms specified therein, and any other additional documents you were required to sign with the Site Agreement, either: (i) after we sign this Agreement if we have identified the Accepted Location before we sign this Agreement, or (ii) immediately following the date we accept the location after we sign this Agreement. We may charge you a Lease Documentation Late Fee if you fail to timely provide the Site Agreement within 15 days after its execution. The "**Lease Documentation Late Fee**" shall be $500 per month (or partial month) from the due date for providing the Site Agreement until the date it is delivered. Before you sign the Site Agreement, you must ensure that it meets the requirements of this Section 5.4. We will have the right, but not the obligation, to review your Site Agreement prior to its execution to verify its compliance with this Section 5.4.

B. Site Agreement Restrictions. If you execute a Site Agreement, (i) you may not create any obligations on our behalf, grant any rights adverse to our rights, or agree to any other term that is inconsistent with any term of this Agreement; (ii) you must duly and timely perform all terms under the Site Agreement; and (iii) except as otherwise provided in this Agreement, you may not assign, encumber, or transfer the Site Agreement, or sublet all or any part of the Accepted Location, without our prior written approval, which approval will not be unreasonably withheld. You must ensure that all Site Agreements comply with any terms set forth in the Manuals.

C. Preferred Lease Terms. You must use commercially reasonable efforts to ensure that all Leases include, unless we agree otherwise in writing:

(i) a provision which requires the landlord concurrently to provide us with a copy of any written notice of breach or default under the Lease sent to you, and which grants to us the right (but not the obligation) to cure any defaults under the Lease within a reasonable time (not to exceed 15 days for monetary defaults and 30 days for non-monetary defaults);

(ii) a provision that provides that upon the expiration or termination of this Agreement or upon your default under the Lease or under this Agreement, we will, without your or the landlord's further consent, have (a) a continuing right of entry into the Franchised Business, (b) the right to operate a Business at the Accepted Location, (c) the right, but not the obligation, to assume your interests under the existing terms, conditions and covenants of the Lease, and (d) should we assume your position under the Lease, the right to assign the Lease or sublet the premises to a third party which will operate a Business at the location;

(iii) a provision that provides that upon expiration or termination of the Lease, we will, without your or the landlord's further consent, have a continuing right of entry into the Franchised Business to remove Proprietary Products and any materials bearing the Marks;

(iv) a provision that provides that the Lease may not be modified or amended without our written consent which will not unreasonably be withheld, conditioned or delayed by us;

(v) a provision that allows you to offer or distribute product samples outside or over the counter of the Franchised Business, as applicable;

(vi) a provision that provides that if we assume your obligations and replace you as the lessee under the Lease or sign a new lease, and we later reassign the Lease or new lease to another franchisee, we will not be liable for any obligations to landlord under the Lease or new lease after the reassignment;

(vii) a provision, or a separate collateral assignment of lease, that provides that your landlord reserves to us the right, at our election, to take an assignment of the leasehold interest and to occupy the Accepted Location for the Franchised Business upon termination or expiration of this Agreement or default under the Lease; and

(viii) a provision that provides that your Franchised Business will have at least one designated parking space for curb-side pickup.

D. Site Agreement Modifications. You must submit a copy of any proposed modification, amendment, or renewal of the Site Agreement (a "**Site Agreement Change**") (along with a true and complete copy of the then-existing Site Agreement) to us for our review and approval prior to executing such documents, not less than 10 days prior to the proposed effective date of such modification, amendment, or renewal. Our review of the proposed Site Agreement Change will be limited to ensuring that it is compliant with the terms of this Agreement. Our acceptance of the Site Agreement Change shall not be unreasonably withheld and may be conditioned upon the inclusion of terms in the Site Agreement acceptable to us, including those provisions as specified in Section 5.4.C. (Preferred Lease Terms). If you renew a Lease or a Lease is extended by the landlord for a period of 12 months or more, we may require you to pay us our then-current lease renewal fee. We will notify you in writing whether we approve of the

proposed Site Agreement Change. If approved and subsequently signed, you must provide us with a copy of the signed Site Agreement Change within 15 days after its execution. We may charge you a Lease Documentation Late Fee if you fail to timely provide the modified or renewed Site Agreement.

E. Subleases. We reserve the right, directly or through an affiliate, to master lease any location and then sublet the location to you. Concurrently, with the execution of the Franchise Agreement, you may enter into a sublease with us if an acceptable site has been identified and we are or will be the master lessee of such site. As part of such sublease, you will be required to pay us our then-current sublease administration fee. However, unless we have agreed otherwise in a separate written agreement, we shall have no obligation to enter into a sublease with you for any location. If we and you are parties to a sublease and we elect to assign the master lease to you, you must execute any and all documents required by the landlord to facilitate such assignment and cooperate with our efforts to obtain our release. Any real estate and improvement costs associated with the development of the Accepted Location will be your responsibility.

5.5 Relocation of the Franchised Business.

A. Relocation Request. You may relocate the Accepted Location of the Franchised Business at your expense, if, prior to closing the Franchised Business, you submit a site acceptance request (in the form we provide to you) for your new Proposed Location and obtain our acceptance of the relocation to the Proposed Location. A relocation includes any change of the location of the Franchised Business within a mall, facility, or building to a new location within the same mall, facility, or building. We are under no obligation to approve a relocation of the Franchised Business. Approval under this Section 5.5 will be within our sole discretion, and such approval shall not be granted unless you are in compliance with all terms and conditions of this Agreement and you have the funds available to relocate the Franchised Business and construct a new Franchised Business according to our then-current design standards.

B. Relocation Conditions. If we approve, in our sole discretion, the relocation of the Franchised Business under this Section 5.5, you agree to comply with the following conditions:

(i) the new location will be considered the “Accepted Location” as used in this Agreement;

(ii) all Site Agreements you enter into to secure the new location must comply with Section 5.4 (Site Acquisition);

(iii) you must make or cause to be made to the former Accepted Location such changes in the signs and interior and exterior of the former Accepted Location so as to effectively distinguish such location from any other Business;

(iv) we may charge you a relocation fee equal to 10% of the then-current Initial Franchise Fee to cover costs incurred by us in connection with any such acceptance, evaluation, and relocation of the Franchised Business;

(v) we may require you to pay an agreed minimum royalty to us during the period in which the Franchised Business is not in operation (if any); and

(vi) we may require you to sign our then-current form of franchise agreement to replace this Agreement (the “**New Franchise Agreement**”) or any other documents we may

require to amend this Agreement. You acknowledge and agree that the New Franchise Agreement may contain terms that are materially different from this Agreement, but you will not be required to pay another initial franchise fee if you sign a New Franchise Agreement. If the term of the Lease for the new location extends beyond the Term, we may, in our sole discretion, extend the term of this Agreement or the New Franchise Agreement to match the term of the Lease for the new location, provided you will be required to pay a relocation extension fee equal to $1,500 multiplied by the number of years between the original expiration date of the Term and the expiration of the term of the Lease for the new location.

6. LEASEHOLD IMPROVEMENTS

6.1 Leasehold Improvements. You must hire a licensed and insured general contractor (**"General Contractor"**) to complete the build-out of your Franchised Business, and the General Contractor must be accepted by us. Our acceptance of your General Contractor will not in any way be our endorsement of your General Contractor or render us liable for your General Contractor's performance. We may require any items used in the Franchised Business to meet our minimum Standards and/or to be sourced from suppliers or consolidators that we have designated or approved. You must purchase certain items of machinery and equipment and other items used in the Franchised Business from our designated or approved consolidators or as we otherwise direct. The designated consolidators will coordinate the ordering and delivery of your machinery and equipment. You may request a waiver of the requirement that you use our designated consolidators if you can demonstrate that you can successfully manage the process of ordering and obtaining your machinery and equipment.

6.2 Architectural Plans.

A. Architectural Requirements. We will provide you with a sample layout for the interior of a typical Business and specifications for furniture, fixtures, equipment, and décor. You must, at your expense, employ a licensed architect that we accept in writing and licensed engineers (e.g., mechanical, electrical, plumbing, or structural engineers) as necessary to prepare your plans, modify or complete the layouts, renderings, plans, and specifications, which must include interior and exterior elevations of the Accepted Location (the **"Architectural Plans"**). Our acceptance of your architect will not in any way be our endorsement of your architect or render us liable for your architect's performance or your architect's compliance with professional design standards or adherence to local codes.

B. Compliance with Legal Requirements. You must, before we approve the Architectural Plans, have your architect or you certify to us that the Architectural Plans comply with the Americans with Disabilities Act (the **"ADA"**), the architectural guidelines under the ADA, and all other federal, state, and local statutes, rules, regulations, ordinances, and codes (collectively, **"Laws"**) that apply to the Franchised Business.

C. Submission of Plans. You must submit to us, by the deadline specified in Section 6.5.B. (Construction Start Deadline), a complete set of final Architectural Plans. We will promptly review the Architectural Plans and will either accept the Architectural Plans or provide comments to you on changes we require. After our initial review of your Architectural Plans at no cost and our review of one revised set of Architectural Plans that incorporate our required changes at no cost, we may charge a fee of $1,000 for each set of drawings we review that include any other modifications from the plans that we have previously accepted. Our review of the Architectural Plans is limited to ensuring your compliance with our Standards and is not designed to assess

structural integrity or compliance with applicable Laws. You may not begin construction of the Franchised Business until we have accepted the final Architectural Plans in writing.

6.3 Construction, Inspection, and Government Approvals. You must begin the construction and equipping of the Franchised Business by the deadline specified in Section 6.5.B. (Construction Start Deadline). You must furnish us with all documents we request related to construction. You must obtain our written approval of any changes to the Architectural Plans before you implement the changes. We must have access to the Franchised Business while work is in progress and on its completion. We may require you to provide photographs of your construction progress periodically from the time you commence construction until the time that we issue our consent to open the Franchised Business. On completion of construction and before the Opening Date, any architect and General Contractor you employ or you must provide us with a certificate stating that the as-built plans for the Franchised Business comply with the ADA, the architectural guidelines under the ADA, and all other Laws that apply to the Business. You must promptly make any modifications we deem necessary to bring the Franchised Business into compliance with the Architectural Plans. You may not open the Franchised Business if it does not conform to the final Architectural Plans and changes we approved. You must promptly seek and obtain prior to opening the Franchised Business all governmental approvals and licenses required to open and operate the Business.

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

6.5 Opening and Development Deadlines.

A. Site Approval Deadline. You will have until the deadline specified in Schedule A to (i) identify the Accepted Location, (ii) obtain our acceptance of the Accepted Location, (iii) sign any documentation we require to document the Accepted Location, (iv) obtain our acceptance of a Lease for the Accepted Location, and (v) sign the accepted Lease for the Accepted Location or otherwise acquire the ownership rights to the Accepted Location (the **"Site Approval Deadline"**).

B. Construction Start Deadline. You must (i) submit to us a complete set of final Architectural Plans and (ii) begin the construction and equipping of the Franchised Business by the deadline specified in Schedule A (the **"Construction Start Deadline"**).

C. Opening Deadline. You must open the Franchised Business by the deadline specified in Schedule A (the **"Opening Deadline"**). You must notify us of your proposed Opening Date at least 30 days in advance. We have the right to inspect your Franchised Business and take other measures we deem appropriate to determine whether you have complied with our Standards and are ready to begin operations. You must not begin operations until we authorize you to do so in writing.

D. Failure to Meet Deadlines. If you are unable to meet the Site Approval Deadline, the Construction Start Deadline, or the Opening Deadline, you may request an extension before the expiration of any missed deadline. We have the right to require you to pay a $2,500 extension fee, if we agree to modify (or if you miss) any of the deadlines. We are not obligated to extend any deadlines. If (i) you fail to cure your failure to meet the Site Approval Deadline or the Construction Start Deadline within 30 calendar days after we send you notice of such default or

(ii) you do not meet the Opening Deadline, we may terminate this Agreement, as provided in Sections 17.2.I and 17.3.J.

7. GOODS AND SERVICES

7.1 Purchases.

A. Goods You Purchase. We have the right to require that Approved Products, other products, Proprietary Ingredients, supplies (including chemicals), furniture, fixtures, equipment, and services (collectively, **"Goods"**) that you purchase for resale or purchase or lease for use in your Franchised Business: (i) meet specifications that we establish from time to time; (ii) be a specific brand, kind, or model; (iii) be purchased or leased only from Approved Suppliers; (iv) be purchased or leased only from a single source that we designate (which may include us or our affiliates or a buying cooperative organized by us or our affiliates); and/or (v) be purchased as part of a purchasing program, arrangement, or contract that we negotiate or specify. To the extent that we establish specifications, require approval of Suppliers, or designate Approved Suppliers for particular Goods, we will publish our requirements in the Manuals or otherwise in writing.

B. Suppliers. You must purchase all of your requirements of Proprietary Ingredients, Proprietary Products, and proprietary uniforms, signs, menu boards, smallwares, materials, supplies, paper goods, equipment, and packaging (collectively, the **"Proprietary Goods"**) from us, our affiliates, or our designated Approved Suppliers. For all other Goods, we may require you to purchase such Goods from any Approved Suppliers or from particular Approved Suppliers, or we may permit you to purchase such Goods from any Supplier capable of providing Goods that meet our minimum Standards (to the extent we have specified Standards for such Goods). If we sell Goods directly to you, we will do so at the same price that we charge similarly-situated franchisees. If you are in default under this Agreement, then any obligations we and our Approved Suppliers may have to sell you Goods may be suspended in our sole discretion; and you will not, as a result, have a defense at law or equity based on impossibility of your performance or any claim against us or our Approved Suppliers. If we or our Approved Suppliers are unable to supply you with the quantity and type of Goods you request, we will exert reasonable commercial efforts to allocate, or to cause our Approved Suppliers to allocate, the Goods available on an equitable basis among the Businesses that seek to purchase Goods. You acknowledge that we, our affiliates, and our Approved Suppliers will not be liable if we, our affiliates, or our Approved Suppliers are unable to fulfill your requests.

C. Revenue from Purchases. You acknowledge and agree that we and/or our affiliates may derive revenue based on your purchases and leases, including from charging you for Goods we or our affiliates provide to you and from promotional allowances, volume discounts, and other payments made to us by manufacturers, Suppliers, or third parties. If we, our affiliates, or third parties acting under our direction arrange for manufacturers to sell the Goods directly to our Approved Suppliers to then sell them to you, then we or our affiliates will have the right to receive compensation or other consideration from the manufacturers, Approved Suppliers, and/or such third parties for these sales. We and our affiliates may use all amounts received from manufacturers, Suppliers, or third parties, whether or not based on your or other franchisees' actual or prospective dealings with them, without restriction for any purposes we or our affiliates deem appropriate.

7.2 Approved Products. You may offer in the Franchised Business to customers only the Approved Products that we have approved in writing. You must produce and sell all Approved Products we specify, including all menu items and other products and services that we require

you to sell, as stated in the Manuals or otherwise, which are all part of the System. We may change these specifications periodically, and we may designate specific Approved Products as optional or mandatory. You must offer all Approved Products that we designate as mandatory. You may not produce or offer any products (i) that we do not authorize you to produce or sell or (ii) that we direct you not to produce or sell. You may sell Approved Products only in the varieties, forms, and packages that we have approved. If we require you to produce any Approved Products, you must strictly follow our Recipes, using only those product components, ingredients, flavoring, and garnishes that meet our then-current Standards. If we require or authorize you to sell alcoholic beverages, you must obtain any necessary permits or licenses. You must maintain a sufficient supply of required Approved Products to meet the inventory standards we prescribe in the Manuals (or to meet reasonably anticipated customer demand, if we have not prescribed specific standards).

7.3 Approval Process.

A. Review Process. If you would like to offer products or use any Goods that we have not approved or to purchase or lease from a Supplier that we have not approved, you must submit a written request for approval and provide us with any information that we request. We have the right to inspect the proposed Supplier's facilities and test samples of the proposed Goods. We have the right to grant, deny, or revoke approval of Goods or Suppliers based solely on our judgment. We will notify you in writing of our decision as soon as practicable following our evaluation. If you do not receive our approval within 90 days after submitting all of the information that we request, our failure to respond will be deemed a disapproval of the request. You acknowledge that the products and services that we approve for you to offer in your Franchised Business may differ from those that we permit or require to be offered in other Businesses.

B. Requirements for Suppliers. Before we approve a Supplier, we will require the following, among other things: (i) the Supplier must demonstrate that it is able to supply the item to you in accordance with our Standards, including our standards as to the artwork and text on the items; (ii) if the Supplier is to receive access to any of our Confidential Information (defined below), Trade Secrets (defined below), or logos, the Supplier must sign a confidentiality agreement and/or our standard form license agreement we prepare; (iii) the Supplier must demonstrate that it is in good standing in the business community with respect to its financial soundness and the reliability of its products or services; and (iv) the Supplier must sign all agreements we require our suppliers to sign at that time.

7.4 Revocation of Approval. We reserve the right to reinspect the facilities and Goods of any Approved Supplier and to revoke approval of the Goods or Supplier if any fail to meet any of our then-current criteria. If you receive a notice of revocation of approval, you agree to cease purchasing or leasing the formerly-approved Goods or any Goods from the formerly-approved Supplier and you must dispose of your remaining inventory of the formerly-approved Goods as we direct. If we revoke approval of a formerly-approved Approved Product that you have been selling to customers or service that you have been offering to customers, you must immediately discontinue offering the service and may continue to sell the product only from your existing inventory for up to 30 days following our disapproval. We have the right to shorten this period if, in our opinion, the continued sale of the product would prove detrimental to our reputation. After the 30-day period, or such shorter period that we may designate, you must dispose of your remaining formerly-approved inventory as we direct.

7.5 Limitations. You may only engage in the sale of Approved Products under the System from the Franchised Business to the ultimate consumer. You may not offer for sale, sell, supply

for resale, or deliver any Goods to a third party other than the ultimate consumer at the Franchised Business without our prior written consent. Unless otherwise permitted by us in writing, you may not sell any Goods through the Internet or using any other channel of distribution other than your Franchised Business. You may not use the Franchised Business or the premises of the Franchised Business to produce or sell any goods, products, or services other than Approved Products sold using the Marks. In particular, you may not operate a ghost kitchen or delivery business selling goods, products, or services under another brand.

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

7.7 Disclaimer of Warranties. WE AND OUR AFFILIATES EXPRESSLY EXCLUDE AND DISCLAIM ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO ALL GOODS THAT WE OR OUR AFFILIATES OFFER, SELL, OR REQUIRE FOR YOUR FRANCHISED BUSINESS (COLLECTIVELY, "SOURCED PRODUCTS"). YOUR EXCLUSIVE REMEDY AND OUR AND OUR AFFILIATES' EXCLUSIVE LIABILITY FOR ALL CLAIMS RELATED TO ANY SOURCED PRODUCTS IS (I) LIMITED TO YOUR REMEDIES AGAINST THE GIVEN THIRD PARTY SUPPLIER OR MANUFACTURER (WHICH SHALL NOT INCLUDE OUR AFFILIATES) FOR ANY OF THE SOURCED PRODUCTS THEY PROVIDE; AND (II) FOR ANY OF THE SOURCED PRODUCTS THAT WE OR OUR AFFILIATES PROVIDE, LIMITED TO THE PURCHASE PRICE OF SUCH SOURCED PRODUCTS, PLUS SHIPPING COSTS, IF ANY, YOU PAID; OR, AT OUR OR OUR AFFILIATES' OPTION, THE REPLACEMENT OF SUCH SOURCED PRODUCTS. WE AND OUR AFFILIATES WILL NOT BE LIABLE FOR SPECIAL, INCIDENTAL, INDIRECT, CONSEQUENTIAL, MULTIPLIED, EXEMPLARY, OR PUNITIVE DAMAGES FOR ANY MATTER STATED IN THIS SECTION 7 (GOODS AND SERVICES), REGARDLESS OF THE DIRECT OR INDIRECT CAUSE OF THE DAMAGES. This disclaimer of warranties does not affect any claims you may have against third party manufacturers or Suppliers of any Sourced Products.

8. COMPLIANCE WITH THE SYSTEM AND MANUALS

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

8.2 Compliance with the System. You agree that: (i) every component of the System is vital to us, to your Franchised Business, and to the Businesses our other franchisees operate; and (ii) your compliance with the System is of the essence to this Agreement. You therefore agree that you will conduct all activities and operations of your Franchised Business in strict compliance with the System, including the Standards and the Manuals, as though specifically stated in this Agreement. You must promptly address any customer complaints in accordance with our Standards as specified in the Manuals.

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

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

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

8.6 Guest Relations. You must promptly address any guest contact requests that we send to you or customer complaints in accordance with our Standards as specified in the Manuals, including responding to and resolving such guest contacts and complaints in the manner and within the time periods specified in the Manuals. In addition to any other rights and remedies we may have, including reimbursement of any costs or expenses related to responding to or resolving such contact or complaint on your behalf, we may charge you a guest relations fee if (i) we or you receive an excessive number of complaints related to you or your Franchised Business (such number shall be specified in the Manuals) or (ii) you fail to respond to or resolve a guest contact request or a customer complaint in accordance with our Standards within the time period specified in the Manuals.

9. INTELLECTUAL PROPERTY

9.1 Marks.

A. Acknowledgements. You acknowledge that we or our affiliates are the owner of the Marks, that you have no interest in the Marks beyond the non-exclusive license granted

herein, and that, as between we and you, we have the exclusive right and interest in and to the Marks and the goodwill associated with and symbolized by them. Upon the expiration or termination of this Agreement, no monetary amount will be attributable to goodwill associated with your activities as a franchisee under this Agreement.

B. Rights. Your right to use the Marks applies only to the Franchised Business operated at the Accepted Location as expressly provided in this Agreement, including advertising related to the Franchised Business. You may only use in your Franchised Business the Marks we designate, and only in compliance with written rules that we prescribe from time to time. You may not use any Mark or any words or designations similar to the Marks (i) as part of any corporate or legal business name, (ii) with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we have licensed to you), (iii) in selling any unauthorized services or products, (iv) as part of any domain name, electronic address, metatag, search engine keyword, social media account, or otherwise in connection with any website or other electronic medium without our consent, or (v) in any other manner we have not expressly authorized in writing. No materials on which any of the Marks appears will be used by you without our prior written approval, which may be revoked at any time upon reasonable notice to you. You must display the Marks in a manner that we specify on signage at the Franchised Business and on forms, advertising, supplies, employee uniforms, business cards, and other materials we designate.

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

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

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

9.5 Third-Party Challenges. You agree to notify us promptly of any unauthorized use of the Intellectual Property of which you have knowledge. You also agree to inform us promptly of any challenge by any person or Entity to the validity of our ownership of or our right to license others to use any of the Intellectual Property. We agree to protect and defend you against any suit filed or demand made against you challenging the validity of the Intellectual Property (an **"IP Claim"**), and to defend and indemnify you against your loss, cost, or expense related to the IP Claim, except where the IP Claim arose because you used the Intellectual Property in violation of this Agreement. We will initiate, direct, and control any litigation or administrative proceeding relating to the Intellectual Property, including any settlement. We will be entitled to retain any and all proceeds, damages, and other sums, including attorneys' fees, recovered or owed to us or our

affiliates in connection with any such action. You agree to execute all documents and, render any other assistance we may deem necessary to any such proceeding or any effort to maintain the continued validity and enforceability of the Intellectual Property.

9.6 Post-Termination or Expiration. Upon the expiration or termination of this Agreement for any reason, all of your rights to use the Intellectual Property will automatically revert to us without cost and without the execution or delivery of any document. Upon our request, you will execute all documents that we require to confirm such reversion.

9.7 Innovations. All ideas, concepts, techniques, or materials relating to a Business or the System or derivations or modifications of the Intellectual Property or any other element of the System (collectively, **"Innovations"**), whether or not protectable intellectual property and whether created by or for you or your Owners, employees, or contractors, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System and the Intellectual Property, and works made-for-hire for us. To the extent any Innovation does not qualify as a work made-for-hire for us, by this Section you assign ownership of that Innovation, and all related rights to that Innovation, to us and agree to sign (and to cause your Owners, employees, and contractors to sign) whatever assignment or other documents we request to evidence our ownership or to help us obtain intellectual property rights in the Innovation. We and our affiliates have no obligation to make any payments to you or any other person with respect to any Innovations. You may not use any Innovation in operating the Franchised Business or otherwise without our prior approval.

10. ADVERTISING AND PROMOTION

10.1 Local Advertising, Marketing and Promotion.

A. Advertising Standards. Except as otherwise provided in the Manuals, you may use only Advertising and Promotional Content that we have furnished or approved in writing in advance. "**Advertising and Promotional Content**" includes all advertising, marketing, promotional, customer relationship management, public relations, and other brand-related programs, materials, and content relating to the Franchised Business, the Marks, or the Approved Products, including (i) any branded materials (such as business cards, signs, counter cards, banners, posters, displays, window clings, and in-store messaging), (ii) press releases, (iii) printed materials (such as leaflets, direct mail materials, coupons, and published advertisements), (iv) promotional items (such as branded specialty and novelty items, products, and clothing), (v) audio or video advertising (such as radio, television, or podcast ads or online video postings), and (vi) Digital Marketing (as defined in Section 10.2 (Digital Marketing)). You must ensure that all Advertising and Promotional Content that you or your agents or representatives develop or implement related to the Franchised Business is (a) clear, factual, ethical, and not misleading, (b) complies with all Laws, and (c) conforms to our Standards and the advertising and marketing policies that we periodically specify.

B. Submission and Review of Proposed Content. Except as otherwise provided in the Manuals and for Advertising and Promotional Content that we furnish to you, you must submit to us for our written approval, before use, copies of all proposed Advertising and Promotional Content that you intend to use or implement. We have the right to approve or disapprove any Advertising and Promotional Content, as well as the media in which intend to use them, in our sole discretion. We reserve the right to require you to discontinue the use of any Advertising and Promotional Content for any reason.

C. Grand Opening Advertising. You must spend at least the amount specified in Schedule A on grand opening advertising promoting the opening of your Franchised Business within the time period specified in Schedule A (the **"Grand Opening Obligation"**). The Grand Opening Obligation is in addition to your Advertising Contribution and any local advertising obligations you may have. All Advertising and Promotional Content you use for the Grand Opening Obligation and the media in which you use them, are subject to our approval. We have the right to require you to provide documentation that demonstrates your compliance with the Grand Opening Obligation. If you fail to make advertising expenditures in accordance with this Section, we will have the right to either: (i) require you to spend the remaining amount on local marketing advertising, in addition to your Local Marketing Obligation, or (ii) spend an amount not to exceed your Grand Opening Obligation on promoting the opening of your Franchised Business for you, and you must reimburse us for these expenses. If you relocate the Franchised Business pursuant to Section 5.5 (Relocation of the Franchised Business), we may require you to comply with the Grand Opening Obligation again.

D. Participation in Promotions. From time to time, we or your Advertising Cooperative (if any) may establish temporary or permanent promotional campaigns (e.g., limited time offers, gift cards, coupons, loyalty programs, customer relationship management, and other supplemental marketing programs) applicable to the System as a whole or to specific advertising market areas. You are required to participate in these promotional programs at your own cost, including the costs to purchase, lease and install all materials necessary to the promotional campaigns, including counter cards, posters, banners, signs, photographs, give-away items, and gift cards.

E. Local Marketing Obligation.

(i) Local Marketing. Unless otherwise specified in Schedule A, you must aggressively advertise, market, and promote your Franchised Business locally in accordance with our Standards and must spend a reasonable amount each calendar quarter for local market advertising. If we require you to spend a minimum amount on local market advertising, we will specify the minimum amount in Schedule A (the **"Local Marketing Obligation"**) and, upon our request, require you to submit for our written approval an annual local marketing plan. We may change the Local Marketing Obligation, provided that we must give you at least 60 days' written notice of the change. Your Local Marketing Obligation will be in addition to amounts you must pay or spend under Section 3.2.B (Advertising Contribution) and for the Grand Opening Obligation under Section 10.1.C. (Grand Opening Advertising). You will be responsible for determining the amount of advertising funds you spend for individual local market advertising, subject to the Local Marketing Obligation (if any) and our approval of your annual local marketing plan, if applicable.

(ii) Compliance with the Local Marketing Obligation. Any contributions that you make to an Advertising Cooperative (if one exists) may be counted towards your Local Marketing Obligation. The following expenditures or costs will not count towards your Local Marketing Obligation: salaries, donations, press parties, in-store fixtures or equipment, menus, serving guides and nutritional facts, yellow page advertising, exterior or interior signage, and incentive programs, including costs of honoring coupons and food costs incurred in honoring sales promotions. We have the right to require you to provide documentation that demonstrates your compliance with the Local Marketing Obligation. If you fail to make advertising expenditures in accordance with this Section, we will have the right to spend an amount not to exceed your Local Marketing Obligation on local advertising for you, and you must reimburse us for these expenses. Your failure to comply with this Section10.1.E. is a material breach of this Agreement.

(iii) Payment to Us. We have the right upon written notice to you to require you to pay all or a portion of the Local Marketing Obligation to us for us to, in our sole discretion, (a) contribute to the Ad Fund (as defined in Section 10.3.A. (Contributions to Ad Fund)), (b) spend on national, regional, or local advertising campaigns, (c) contribute to the Advertising Cooperative (as defined in Section 10.4.A. (Participation)) in your market, or (d) spend on local advertising in your market. If we exercise our right to collect your entire Local Marketing Obligation (and not just a portion of it), you will not be required to (x) spend a minimum amount on local advertising (other than your Grand Opening Obligation), (y) provide a local marketing plan, or (z) participate in, or contribute to, your Advertising Cooperative. We are not obligated to ensure that the Local Marketing Obligation monies that we spend are proportionate or equivalent to your contributions or that the Franchised Business will benefit directly or pro rata or in any amount from the placement of advertising.

10.2 Digital Marketing.

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

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

10.3 Advertising Fund.

A. Contributions to Ad Fund. We will allocate your Advertising Contributions to a fund for the advertising and promotion of the Businesses, the Marks, and the System (the **"Ad Fund"**). If we operate any Businesses, our Businesses will contribute to the Ad Fund in the same manner as similarly-situated Franchised Businesses. You acknowledge that our other franchisees may

not be required to contribute to the Ad Fund, may be required to contribute to the Ad Fund at a different rate than you or may be required to contribute to a different advertising fund.

B. Management of Ad Fund. You agree that: (i) we need not maintain the Ad Fund, your Advertising Contributions, or income earned from contributions to the Ad Fund in a separate account from our other funds; (ii) we are not a fiduciary with respect to your Advertising Contributions or the Ad Fund; and (iii) the Ad Fund is not a "trust." We are not required to have an independent audit of the Ad Fund completed. We will provide you with an annual summary of the expenditures of the Ad Fund on your reasonable request. If any monies in the Ad Fund remain at the end of a fiscal year, they will carry-over in the Ad Fund into the next fiscal year. We may treat any amounts that we contribute to the Ad Fund in excess of our required contributions for Businesses that we operate and any spending on advertising that we make in excess of the amounts then available in the Ad Fund as a loan from us to the Ad Fund. We have the right to be reimbursed from the Ad Fund any amounts that we loan to the Ad Fund.

C. Use of Ad Fund. We will administer the Ad Fund. We have sole authority to direct all advertising programs and promotions and uses of the Ad Fund, with sole control over the creative concepts, materials, and media used in the programs, and the placement and allocation of advertising. We reserve the right to use any media, create any programs, and allocate advertising and promotional expenditures to any regions or locales we deem appropriate. We may use the Ad Fund to meet the costs of administering, preparing, and conducting national, local, or regional advertising, promotional, or brand building programs of any kind, including the cost of (i) preparing and conducting television, radio, magazine, newspaper, and digital advertising campaigns and other public relations activities (including for purposes of brand reputation management), (ii) employing public relations firms and advertising agencies to assist in these activities, and (iii) conducting other activities that are directly or indirectly designed to promote the System, its franchisees, and/or increase System sales, such as limited-time menu offerings, crew incentives, franchisee incentive and/or promotional programs, customized materials (e.g., cups), up-sell programs, guest response programs, manager/employee recognition programs, quality assurance and food safety programs, mystery shop and shopper programs, brand websites and ordering platforms, brand applications, social media account administration and promotion, and in-store equipment and technologies related to such marketing programs. We may use the Ad Fund to compensate us for the reasonable administrative costs and overhead we incur in activities related to advertising and promotional programs, including new product development; market research; preparing advertising and promotional materials; Digital Marketing; working with public relations firms, advertising agencies, advertising placement services, and creative talent; reimbursing franchisee advisory council meeting expenses; developing and maintaining, and paying third parties for the development and maintenance of, websites, applications, and other equipment and technologies related to marketing programs. We will not spend the Ad Fund in a manner that (i) exclusively benefits our licensees that manufacture and sell products bearing the Marks, if any, or (ii) is principally a solicitation for the sale of franchises.

D. No Proportionate Benefit; No Right to Withhold Contribution. The advertising and promotions that we conduct are intended to maximize general public recognition and patronage of the System generally in the manner that we determine to be most effective. We are not obligated to ensure that the expenditures from the Ad Fund are proportionate or equivalent to your contributions or that the Franchised Business will benefit directly or pro rata or in any amount from the placement of advertising. You will spend and/or contribute all advertising contributions, including the Advertising Contribution, provided for in this Agreement without reduction regardless of your perceived benefit to the Franchised Business or the amount of contribution by other

franchisees operating Businesses or the default of these advertising obligations by any other franchisees.

10.4 Advertising Cooperatives.

A. Participation. You will participate, if we require, in any local, regional, or national cooperative advertising group consisting of other Businesses (an **"Advertising Cooperative"**) that we specify, when and if any of these groups are created. We will designate the particular Advertising Cooperative(s) in which you may be required to participate (which designations may be based on, without limitation, the particular Designated Market Area or the Area of Dominant Influence, as those terms are used in the advertising industry, where your Franchised Business is located). If we collect the entire Local Marketing Obligation, we will not require you to participate in an Advertising Cooperative. You will enter into any formal agreements with the other franchisees of the System and/or us, as the case may be, as is necessary or appropriate to accomplish the goals of this Section 10.4 and you must abide by the formal agreements and decisions that we authorize the Advertising Cooperative to make on advertising and marketing in the area covered by the Advertising Cooperative.

B. Payments. Your payments to any Advertising Cooperative will be determined by you and those other franchisees and/or us, as the case may be, who are participants in the Advertising Cooperative, as stated in the by-laws of that Advertising Cooperative or membership, dues, participation, or other payment agreements of the Advertising Cooperative. Amounts paid to an Advertising Cooperative will be credited against your Local Marketing Obligation as specified in Section 10.1.E. (Local Marketing Obligation). Any contributions that you make to an Advertising Cooperative shall be additional to your Advertising Contribution as specified in Section 3.2.B. (Advertising Contribution) and your Grand Opening Obligation as specified in Section 10.1.C. (Grand Opening Advertising). If you become delinquent in your dues or other payments to the Advertising Cooperative or fail to abide by any formal agreements or authorized decisions of the Advertising Cooperative, the delinquency or failure will be deemed a failure to participate in the Advertising Cooperative and a material breach of this Agreement.

C. Operations of Advertising Cooperative. We may require any Advertising Cooperatives to only use public relations firms and advertising agencies that are Approved Suppliers. All proposed advertising and promotional materials produced by, or on behalf of, Advertising Cooperatives must be submitted to us for our written approval before use. We may on 30 days' written notice to you suspend or terminate an Advertising Cooperative's program or operations. As a member, officer or director of an Advertising Cooperative, at our request, you will provide to us all information we request related to the Advertising Cooperative and you must provide this information within 10 days after our request to you.

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

11. TRAINING AND SUPPORT

11.1 Management Training Program.

A. Required Trainees. The required trainees that we designate on Schedule A (collectively, **"Required Trainees"**) must attend and successfully complete the initial management training program for Businesses (the **"Management Training Program"**). All trainees must be over the age of 18 years and must meet any minimum experience requirements that we specify. In addition, we may, in our sole discretion, require your Primary Contact, if they will not be involved in the day-to-day operation of the Franchised Business, to complete a limited version of the Management Training Program to our satisfaction. If any of your Required Trainees have previously attended and successfully completed our Management Training Program and you or they have not defaulted under any other franchise agreement with us, we may, in our sole discretion, determine that such Required Trainee is not required to attend the Management Training Program again or will be required to attend a modified Management Training Program.

B. Training Fees. Except as otherwise provided in Schedule A and this Section 11.1.B., we will provide the Management Training Program at no additional charge for any Required Trainees. We reserve the right to charge you a reasonable training fee if (i) you elect to bring additional trainees, other than the Required Trainees, to the Management Training Program, (ii) your Required Trainees are trained in separate sessions, (iii) any of your Required Trainees fail to successfully complete the Management Training Program and re-enroll in the program or are replaced with new trainees that enroll in the program, or (iv) we provide the Management Training Program to your Subsequent Trainees (as defined in Section 11.F. (Subsequent Trainees)).

C. Attending Training. We will provide, or designate other parties to provide on our behalf, the Management Training Program periodically and permit you to register for an available program. Training programs are subject to space and time availability. All or certain portions of the Management Training Program may, in our discretion, be conducted online or in person at our corporate headquarters and/or other locations authorized by us (which may include locations operated by other franchisees). Your trainees may not attend the Management Training Program until (i) you have provided us with your fully signed Lease (if required) in a form that we have approved, (ii) your Franchised Business is under construction, and (iii) you have provided us with evidence of the insurance that is required under your Franchise Agreement.

D. Completion of Training. All of your Required Trainees must successfully complete our Management Training Program before they may be involved in the operation of your Franchised Business. A minimum number of Required Trainees, as specified in Schedule A, must successfully complete the Management Training Program by the deadline specified in Schedule A. We have the right in our reasonable discretion to determine whether a trainee has successfully completed the Management Training Program. If we conclude that a Required Trainee has failed to successfully complete the Management Training Program, that Required Trainee must re-enroll in our next scheduled applicable Management Training Program at no additional charge. We will have the right to terminate this Agreement if, following the Management Training Program and re-enrollment training, if any, the minimum number of Required Trainees have not successfully completed the Management Training Program.

E. Training of You by Franchisees. We may, in our sole discretion, authorize certain franchisees to provide on our behalf all or portions of the Management Training Program in accordance with our Standards, provided such franchisees (i) have a Certified Training Manager

(as defined below), (ii) operate a Certified Training Business (as defined below), and (iii) meet other requirements that we specify. If we require or permit you to receive portions of the Management Training Program from another franchisee, we may require you to execute an agreement with such other franchisee regarding the training program.

F. Subsequent Trainees. Any Managers, Primary Contacts, Directors of Operations (as defined in Section 12.7.B. (Directors of Operations)) that you hire or appoint after the opening of the Franchised Business and any other persons we designate (**"Subsequent Trainees"**) must attend and successfully complete our Management Training Program (or a modified version that we prescribe) before becoming involved in the operation of your Franchised Business. We may require employees that transfer to your Franchised Business from another Business to successfully complete the Management Training Program again. We also may require you to send or resend your Managers (as defined below) or employees to the Management Training Program, and require them to successfully complete it, if we have identified operational or performance issues at your Franchised Business. We reserve the right to charge you a reasonable training fee for each Subsequent Trainee that attends a Management Training Program.

G. Training By You.

(i) Management Training. If you and your affiliates collectively operate two or more Franchised Businesses, we may, in our sole discretion, require or permit you or your affiliates to provide the Management Training Program to your Required Trainees or Subsequent Trainees.

(ii) Certification Required. If we require or permit you or your affiliates to provide the Management Training Program to your trainees, before you or they may do so, one or more of your or their Franchised Businesses must be certified by us as an authorized training facility (a **"Certified Training Business"**) and one or more of your or their Managers must be certified by us as a trainer authorized to provide our Management Training Program to your trainees (a **"Certified Training Manager"**). To be designated as a Certified Training Manager, a Manager must (a) complete our Management Training Program at least six months before applying for certification, (b) maintain specific food safety programs, (c) attend any required additional training program, and (d) meet other qualifications that we may specify from time to time. To be designated as a Certified Training Business, a Franchised Business must (1) meet compliance scores that we specify, (2) fully comply with our then-current Standards, (3) employ the minimum number of Managers specified in Section 12.7 (Your Participation; Manager), in addition to the Certified Training Manager, and (4) meet any other requirements that we may specify from time to time. We may, in our sole discretion and at any time, (x) grant, withhold, or revoke certification for a Certified Training Business or a Certified Training Manager or (y) change the minimum requirements for certification of a Certified Training Business or a Certified Training Manager. We may require Certified Training Managers to be recertified if they transfer from one Franchised Business to another, if they no longer meet our then-current requirements, or annually. If a Certified Training Manager ceases to be a Manager of a Certified Training Business or has their certification revoked, such Franchised Business must be re-certified as a Certified Training Business before offering training again.

(iii) Provision of Training. If we certify a Certified Training Business and Certified Training Manager, such Certified Training Manager must provide the Management Training Program at a Certified Training Business in accordance with our Standards for such training. If we withhold or revoke certification of your Certified Training Business, we may require

your trainees to attend the Management Training Program at another location that we designate and may charge our then-current training fee (if any) for such training.

11.2 On-Site Training. Except as may be specified on Schedule A, we are not required to provide any on-site training or consultation at the site of your Franchised Business (the **"On-Site Training"**). You may request that we provide you with On-Site Training. We may agree to provide On-Site Training but will not be obligated to do so. We may also, in our sole discretion, require that you obtain On-Site Training at any time, including in the days or weeks before and/or after your Opening Date and/or if you fail to comply with the System and Standards. We may charge you a reasonable fee for On-Site Training, which may include a daily or hourly fee for each of our trainers and reimbursement for their travel and living expenses (including airfare, car expenses, lodging, meals, etc.) during such On-Site Training.

11.3 Additional Programs. We may, from time to time, conduct conferences, conventions, programs, webinars, teleconferences, or additional or refresher training sessions on any matters related to the System ("**Additional Programs**"). We will determine the duration, curriculum, and location of such Additional Programs, which may take the form of web-based training modules, webinars, seminars, in-person training, or on-site training. Your Required Trainees, Primary Contact, Owners, and other personnel we designate must attend any Additional Programs that we require. We may charge you a reasonable fee for your trainees to attend any Additional Program.

11.4 Other Training Terms.

A. Modifications. We reserve the right to modify our Management Training Program, Additional Programs, or any other training programs at any time, including the timing, frequency, content, format, and location of training.

B. Training Platform. We may require you to purchase or license from us, our affiliates, or Approved Suppliers any training platform and equipment necessary to use or access the training materials.

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

D. Cancellation Fee. If you or your trainees fail to cancel any scheduled training without at least 14 days' prior notice, or if you or your trainees are not prepared to successfully participate in any scheduled training, we may charge you the cost of conducting the originally scheduled training (including any training fees and any travel and living expenses incurred by our representatives) and you may have to pay an additional fee for the rescheduled training.

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

meals, etc.). Additional consulting or support services are subject to availability and shall be offered in our sole discretion.

12. YOUR OBLIGATIONS

The following obligations are in addition to your other obligations in this Agreement:

12.1 Compliance with Laws. You will operate the Franchised Business in compliance with all applicable Laws, including all Laws related to labor, health, and safety. You will promptly furnish to us copies of all fire, health, or other inspection reports, warnings, certificates, and ratings issued by any government agency, and must immediately provide us with any such items that assert any failure to comply strictly with any Law. If required by the jurisdiction where the Franchised Business is located, you will file for and maintain a Certificate of Fictitious Name that includes the Primary Mark. You also shall comply with (a) all applicable contractual requirements (e.g., PCI-DSS), Laws, or standards, or any equivalent thereof, relating to the collection, use, and security of personal information and (b) any privacy policies or data protection and breach response policies we periodically may establish, including those set forth in Section 12.3 (Data Breach Notification).

12.2 Compliance with Electronic Payment Standards. You must abide by: (a) the Payment Card Industry Data Security Standards ("**PCI-DSS**") enacted by the applicable Card Associations (as they may be modified from time to time or as successor standards are adopted); (b) the Fair and Accurate Credit Transactions Act ("**FACTA**"); and (c) all other standards, laws, rules, regulations or any equivalent thereof applicable to electronic payments that may be published from time to time by payment card companies and applicable to electronic payments ("**Electronic Payment Requirements**"). We require that you use vendors (and may require you to use one or more Approved Suppliers that we designate) to provide security services that are consistent with PCI-DSS, FACTA, and applicable Electronic Payment Requirements. We currently require you to use a managed firewall, conduct a quarterly network scan, maintain anti-virus/anti-malware software, and use managed Wi-Fi, but we may modify from time to time the specific security measures that you must maintain. We require that you submit annually proof of your PCI-DSS compliance status, and we may require you to provide evidence of compliance with FACTA or applicable Electronic Payment Requirements upon our request. We may require you to use vendors or Approved Suppliers to conduct periodic security audits to ensure that personal data is adequately protected. We may require you to provide, or make available, to us copies of any audits, scanning results, or related documentation relating to such compliance or audits. We may charge a reasonable fee for us to review your systems and verify your compliance with these requirements. If you suspect or know of a security breach, you must immediately give us notice of such security breach and promptly identify and remediate the source of any compromise or security breach at your expense. You assume all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the Franchised Business.

12.3 Data Breach Notification. If you learn of an incident that may be a "breach of the security of the system" under Cal. Civ. Code § 1798.82 or any other data breach notification Law, you must immediately notify us of the facts that are known about the incident (a "**Data Breach**"). Although you are responsible for complying with all data breach notification Laws and standards applicable to your organization, we expect that you will coordinate with us regarding such incidents where notification to individuals is required before individuals are notified so that we can be aware of and be prepared to address issues that may affect the System and be in a position to support you where possible. In the event of an actual or suspected Data Breach, you grant us

and our designees and agents the right, exercisable in our sole and absolute discretion, to conduct an investigation of the incident and to install, run, and maintain any hardware, software, or code on your Computer System or in your computer network necessary or advisable to facilitate the investigation and to contain and remediate the incident, and you agree to cooperate with us and to provide us with any access and information we may reasonably request for those purposes. Nothing in the preceding sentence shall relieve you of your obligation to comply with applicable laws, regulations, rules, standards or any equivalent thereof concerning an actual or suspected Data Breach. You are responsible for any costs or financial losses you incur or remedial actions that you must take as a result of an actual or suspected Data Breach.

12.4 Failure to Comply with Laws or Standards.

A. Suspension of Operations. If: (i) any Approved Product you produce or sell evidences dilution or adulteration from the Standards; (ii) any Approved Product you produce or sell is contaminated or is otherwise in violation of applicable Law; (iii) you fail to maintain the Franchised Business in compliance with applicable Law; or (iv) your Franchised Business or Approved Products pose a threat to the health or safety of the public, you must immediately suspend operations, search out and destroy any adulterated, diluted, or contaminated Approved Products, eliminate their source, and remedy all unsanitary, unsafe, or otherwise hazardous conditions present. You may not resume operation of the Franchised Business until our laboratory analysis of your Approved Products or inspection of your Franchised Business, as applicable, demonstrates compliance with all applicable Laws and Standards. You must promptly implement any remedial measures we require to cure the default. If we conclude through any examination, analysis, and/or inspection that the Approved Products have been adulterated in any way or that your Franchised Business is not in compliance with applicable Laws, you shall, upon demand, reimburse us for all reasonable expenses connected with any such examination, analysis, or inspection under this Agreement (including reasonable product analysis fees).

B. Additional Remedies. If: (i) we determine that a violation of Section 12.4.A. (Suspension of Operations) has occurred and that you have committed a similar violation within the one-year period before the date of the inspection or analysis; (ii) you fail or refuse to comply with any or all of the remedial measures we require; (iii) you fail to provide us with full cooperation in the course of any inspection or analysis we conduct; or (iv) we determine that there has been any repetition during the Term of any occurrence under Section 12.4.A., then you will pay us a fee for the inspection or analysis in the amount of $5,000; plus the travel and living expenses of our inspectors or representatives and any other expenses we incur in connection with this Section, including our attorneys' fees.

C. Remedies Not Exclusive. The remedies stated in this Section 12.4 are in addition to, and not in substitution of, any other remedies stated in this Section 12.4 or elsewhere in this Agreement. Nothing in this Section 12.4 limits any of our rights under Section 17 (Default and Termination), including the right to terminate this Agreement.

D. Non-compliance Fees. If you fail to comply with any of the Standards or any provision of this Agreement, in addition to any other remedies we may be entitled to, we reserve the right to charge you one or more non-compliance fees upon written notice to you. The non-compliance fees shall be specified in the Manuals or otherwise in writing, may be modified from time to time upon written notice to you, may be charged repeatedly (as frequently as daily) if the non-compliance is ongoing, and may vary based on the severity of the defaults, the number of the defaults, and whether the defaults have been repeated.

12.5 Continuing Maintenance. You acknowledge and agree that it is in your best interest, and in the best interests of the franchise network, that your Franchised Business be clean, up-to-date, well-maintained, and well-appointed. You must continuously maintain the interior and exterior of the Franchised Business (including the parking lot, walkways, and landscaping that is part of the Accepted Location), and all furniture, fixtures, equipment, décor, and signage in or at the Franchised Business, in the highest degree of cleanliness, orderliness, sanitation, and repair in accordance with all applicable Laws and Standards. You agree, at your expense and at intervals that we may periodically designate, as needed, or at our direction, to promptly take the following continuing maintenance actions throughout the Term: (i) thorough cleaning (which may include professional cleaning), (ii) repainting and making minor alterations to the décor of the interior and exterior of the Franchised Business; (iii) interior and exterior repair of the Franchised Business; and (iv) repair or replacement of damaged, worn-out, malfunctioning, non-functioning, or obsolete furniture, fixtures, equipment, décor, and signage. You may not make any material alteration to the interior or exterior of the Franchised Business without our prior written consent.

12.6 Refreshes and Remodels.

A. Refresh. Within six months after the fifth and the fifteenth anniversaries of the Opening Date, you must, at your sole expense and in accordance with our then-current Standards and directives, refresh, refurbish, and renovate the Franchised Business to meet our then-current operational and branding Standards (a "**Refresh**"). Generally, a Refresh will require you to add, update, and/or replace components of the Franchised Business (including merchandising elements, graphics, paint or wall coverings, menu boards, interior and exterior signage, kitchen equipment, drive-thru equipment, Computer System components, and other furniture, fixtures, equipment, and décor that we may specify in our sole discretion) to meet our then-current Standards without significantly altering your Franchised Business' layout or structure.

B. Remodel. Within six months after the tenth and (if you are entering into a Renewal Term) twentieth anniversaries of the Opening Date, you must, at your sole expense and in accordance with our then-current Standards and directives, remodel, refurbish, renovate, and modernize the Franchised Business to meet our then-current operational, branding, and architectural design Standards (a "**Remodel**"). Generally, a Remodel may include all of the modifications, upgrades, and replacements required in a Refresh, plus other more extensive alterations to your Franchised Business' layout, structure, or design, such as redesigning the interior and exterior appearance and interior layout of the Franchised Business or adding a drive-thru to a Franchised Business.

C. Process for Refreshes and Remodels. Before you begin a Refresh or a Remodel, we, our affiliate, or our designee will in-person or virtually inspect your Franchised Business and produce a site survey and/or design plan that will comply with our then-current Standards. We may require you to pay us, our affiliate, or our designee a reasonable fee for producing such site survey and/or design plan. All plans, designs, furniture, fixtures, equipment, and décor related to a Refresh or a Remodel must be approved by us in writing, must conform to our then-current Standards and applicable Laws, and, if we so require, must be purchased from Approved Suppliers we designate or approve in writing. For each Remodel, you must comply with Sections 6.1 (Leasehold Improvements), 6.2 (Architectural Plans), and 6.3 (Construction, Inspection, and Government Approvals) of this Agreement. You acknowledge that each Refresh or Remodel may require you to make a significant capital investment into your Franchised Business. You agree to incur, without limitation, any capital expenditures required in order to comply with this obligation and our requirements (even if those expenditures cannot be amortized over the remaining Term).

D. Requirements Are Not Exclusive. The requirements set forth in this Section are in addition to, and do not limit, your obligation to add, update, and/or replace components of the Franchised Business from time to time as specified in other Sections of this Agreement, including Section 8.3 (Changes to the Standards and the Manuals) and Section 12.5 (Continuing Maintenance).

12.7 Your Participation; Manager.

A. Participation and Managers. You must devote your best efforts to the proper and effective operation of the Franchised Business. Your Franchised Business must employ or be assigned the minimum number of dedicated Managers specified in Schedule A. Your Managers must have day-to-day management responsibility for your Franchised Business, exercise on-premises supervision, and personally participate in the direct operation of the Franchised Business. We may, in our sole discretion, permit your Primary Contact to serve as a Manager for the Franchised Business, provided that it is their full-time job, they otherwise qualify for the position, and they successfully complete the Management Training Program.

B. Director of Operations. If you and your affiliates operate four or more Franchised Businesses, in addition to the Managers for each Franchised Business that you operate, we may require you to appoint one or more Managers with the responsibility of supervising and supporting multiple Franchised Businesses (each, a **"Director of Operations"**).

C. Qualifications. Each Manager and Director of Operations must successfully complete the Management Training Program, satisfy any other minimum standards we may require for their position, and complete additional training and On-Site Training as we may specify.

D. Changes to Managers and Directors of Operations. You must inform us in writing of the identity of any Managers and Directors of Operations. You must notify us immediately of the death, disability, termination of employment, or replacement of any of your Managers (including any Director of Operations) and must designate a successor or acting Manager or Director of Operations within 30 days after the death, disability, or termination of the predecessor.

12.8 Computer System. You must promptly purchase, lease and/or license and install at the Franchised Business, at your sole expense, the computerized point-of-sale system, computer systems, mobile hardware, software, associated computer hardware, telephone lines, network connections, communications equipment, high speed internet access (e.g. DSL or cable), and other equipment that we require from time to time (the **"Computer System"**), all of which you must keep in good maintenance and repair. We may, in our sole discretion, provide you with project management assistance related to, and coordinate the onboarding and configuration of, your Computer System before your Franchised Business opens or, if you are acquiring an existing Franchised Business, when you assume control of such Franchised Business. You must pay us our then-current fee for such services. You must use the Computer System in accordance with our Standards. We have the right to retrieve all data from your Computer System that we deem appropriate, and we may require you to obtain polling services we specify. We or a designated Approved Supplier will be the provider for the polling services, and you must pay all polling fees or service fees charged by such provider for such polling services. If it becomes advisable at any time, in our sole discretion, for us to change, upgrade, or discontinue use of any of the components of the Computer System, you will comply with our directions, at your expense, within a reasonable time after notice to you. We will have no liability or obligation whatsoever with respect to our requirement that you modify or discontinue use of any of the components of the Computer System or any unauthorized modifications to the Computer System that you make. We

may require you to enter into agreements with, and pay a reasonable fee to, us, our affiliates, or Approved Suppliers for required modifications and enhancements to the Computer System or other maintenance and support programs.

12.9 Customer Card Programs. At your expense, you must fully participate in gift card programs, loyalty programs, credit card programs, customer tracking programs, incentive programs, reward programs, and other types of programs (**"Customer Card Programs"**) that we develop or designate to support and promote the System. You must comply with all our procedures and policies for Customer Card Programs in the Manuals. You will, at your sole expense, promptly install at the Franchised Business any acceptance system for Customer Card Programs and/or hardware and software necessary for Customer Card Programs to operate with the Computer System. You must also obtain any services and supplies we require in connection with Customer Card Programs and pay all fees charged by us, our affiliates, or our Approved Suppliers in connection with Customer Card Programs. Customer Card Programs may use aspects of the Computer System.

12.10 Hours of Operation. You must continuously operate the Franchised Business on the days and during the minimum hours we specify. You may establish days and hours of operation in excess of the required minimum days and hours. If you wish to operate the Franchised Business for less than the minimum days and hours we specify, you must obtain our prior written approval, which will not be unreasonably withheld. If the Franchised Business is located in a facility or location in which the hours of operation required by the landlord are different than our specifications, you may operate the Franchised Business in accordance with the landlord's requirements.

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

12.12 Prices. We reserve the right, to the fullest extent allowed by applicable law, to establish maximum, minimum, or other pricing requirements with respect to the prices you may charge for Approved Products, including required participation in system-wide discount programs and promotions. If we do not establish such pricing requirements, then you will have the right to determine the prices you charge.

13. INDEMNIFICATION; INSURANCE

13.1 Indemnification.

A. Indemnification Obligation. You must defend, indemnify, and hold harmless us and our affiliates, our and their permitted successors and assigns, and each of our and their respective direct and indirect owners, directors, officers, managers, employees, agents, attorneys, and representatives (collectively, the **"Indemnified Parties"**) from and against all Losses (defined below), which any of the Indemnified Parties may suffer, sustain, or incur as a result of a claim asserted or inquiry made formally or informally, or a legal action, investigation, or other proceeding brought, by a third party and directly or indirectly arising out of or relating to: (i) the operation of the Franchised Business; (ii) the business you conduct under this Agreement; (iii) your breach of this Agreement; (iv) your noncompliance or alleged noncompliance with any Law; or (v) any

allegation that we or another Indemnified Party is a joint employer or otherwise responsible for your acts or omissions relating to your employees. **"Losses"** include all obligations, liabilities, damages (actual, consequential, or otherwise), and reasonable defense costs that any Indemnified Party incurs. Defense costs include 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.

B. Indemnification Procedure. We will promptly notify you of any claim that may give rise to a claim of indemnity hereunder, provided, however, that the failure to provide such notice shall not release you from your indemnification obligations under this Section 13.1, except to the extent you are actually and materially prejudiced by such failure. You shall have the right, upon written notice delivered to the Indemnified Party within 15 days thereafter assuming full responsibility for Losses resulting from such claim, to assume and control the defense of such claim, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of the fees and disbursements of such counsel. If (i) the Indemnified Party shall have been advised by counsel that there are one or more legal or equitable defenses available to it that are different from or in addition to those available to you and, in the reasonable opinion of the Indemnified Party, the counsel that you have selected could not adequately represent the interests of the Indemnified Party because such interests could be in conflict with your interests, (ii) you do not assume responsibility for such Losses in a timely manner, (iii) the claim involves any elements of the Intellectual Property, or (iv) you fail to defend a claim with counsel reasonably satisfactory to the Indemnified Party as contemplated above, then the Indemnified Party shall have the right to assume the defense of any claims and employ counsel of its own choosing and you shall pay the reasonable fees and disbursements of such Indemnified Party's counsel as incurred; provided that in any case, you shall not be obligated to pay the expenses of more than one separate counsel for all Indemnified Parties taken together. In connection with any claim, the Indemnified Party or you, whichever is not assuming the defense of such claim, shall have the right to participate in such claim and to retain its own counsel at such party's own expense.

C. Cooperation and Settlement. You or the Indemnified Party (as the case may be) shall keep you or the Indemnified Party (as the case may be) reasonably apprised of, and shall respond to any reasonable requests concerning, the status of the defense of any claim of which it is maintaining and shall cooperate in good faith with each other with respect to the defense of any such claim. You shall not, without the prior written consent of the Indemnified Parties, (a) settle or compromise any claim or consent to the entry of any judgment with respect to any claim which does not include a written release from liability of such claim for the Indemnified Parties, or (b) settle or compromise any claim in any manner that may adversely affect the Indemnified Parties other than as a result of money damages or other monetary payments which will be paid by you. No claim which is being defended in good faith by you in accordance with the terms of this Section 13.1 shall be settled by the Indemnified Parties without your prior written consent.

D. Willful Misconduct or Gross Negligence. You have no obligation to indemnify or hold harmless an Indemnified Party for, and we will reimburse you 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 by the Indemnified Party's gross negligence, willful misconduct, or willful wrongful omissions. However, nothing in this Section 13.1.D. limits your obligation to defend us and the other Indemnified Parties under Section 13.1.A. (Indemnification Obligation).

E. Survival and Recovery. Your obligations in this Section 13.1 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 Section 13.1. 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 Section 13.1.

13.2 Required Insurance. You must obtain and maintain during the Term, at your expense, a comprehensive business insurance program, including property, commercial general liability, automobile liability, business property, umbrella, workers' compensation, cyber liability and employment practices liability, and (if you serve alcohol) dram shop liability insurance. Your obligation to maintain this insurance will not be limited in any way by reason of any insurance that we may maintain, nor will it relieve you of your indemnity obligations stated in Section 13.1 (Indemnification). These policies are required to respond on a primary and non-contributory basis to any insurance carried by us or our affiliates and may not otherwise limit coverage for tort liabilities assumed in this Agreement. We may from time to time increase, decrease, add to, delete from, or modify the mandatory insurance coverages we require in accordance with reasonable and customary changes in the industry, as we determine. You currently must obtain and maintain the coverage specified in Schedule A. We reserve the right to obtain a master insurance policy on behalf of the System for certain types of coverage and require you to pay all or a portion of your proportionate share of coverage under the master policy to us or our Approved Supplier.

13.3 Carrier; Proof of Insurance. All insurance policies required under this Agreement: (i) must be issued by an insurance carrier authorized to conduct business in the state in which your Franchised Business is located and be rated "A-" (Excellent) / VIII ($100M to $250M policy holder surplus) or better by A.M. Best and Company, Inc., or its successor; (ii) must insure you and name us and our affiliates, our and their permitted successors and assigns, and each of our and their respective direct and indirect owners, directors, officers, managers, employees and agents as an additional insured for claims arising from your Franchised Business and your operations, and include a waiver of subrogation in favor of us; (iii) must stipulate that the insurer will deliver 30 days' written notice to us before any cancellation or modification, except 10 days for non-payment of premiums; (iv) unless otherwise noted, must be written on occurrence based policy forms; and (v) may not be subject to unreasonable deductibles or retentions without our prior written approval. You must deliver proof of your compliance with this Section to us so that we receive proof: (a) before you start construction of the Franchised Business; (b) annually on the expiration, renewal, or replacement of each policy; and (c) within 10 days after we make any demand therefor. If you fail to obtain and maintain the required insurance, in addition to any other rights and remedies we may have, we may, but are not obligated to, procure such insurance for you without notice, and you shall pay, upon demand, the premiums and our costs in taking such action.

14. RIGHT TO ACCESS; RECORDS; REPORTING

14.1 Inspections and Audits. We or any of our authorized agents may at any time during normal business hours (including pre-opening and post-closing) enter the Franchised Business or any other place where business related to the Franchised Business is conducted and: (i) conduct an operational audit to determine your material compliance, as we determine, with this Agreement; (ii) examine, analyze, and inspect the Franchised Business, the Proprietary Goods, the Approved Products, and any products produced and/or sold or distributed at, from, or through the Franchised Business (whether authorized or unauthorized); (iii) take reasonable samples of any the Proprietary Goods, the Approved Products, and any products produced and/or sold or distributed at, from, or through the Franchised Business (whether authorized or unauthorized),

without charge or liability; (iv) videotape, photograph, or otherwise record the operation of the Franchised Business; (v) interview your employees, customers, landlords, and suppliers; and (vi) audit, review and examine by any means, including electronically through the use of telecommunications devices or otherwise, at our expense, your books, records, accounts, and tax returns related to the Franchised Business. We may require you to send us copies of your books, records, and files related to the Franchised Business, which you must provide to us or our representatives within a reasonable time (not to exceed 10 days) of our request. We also may require you to participate in customer satisfaction surveys or other audit programs, including electronically through the use of telecommunications devices or otherwise, to assess your compliance with our customer service standards. You will provide us with full cooperation in the course of any inspection or audit we conduct under this Section. Any inspections will be made at our expense, unless the inspection is necessitated by your repeated or continuing failure to comply with any provision of this Agreement, in which case we may charge you the costs of making such inspection, including the wages and cost of travel and living expenses for our representatives.

14.2 Discrepancies. If any such inspection, audit, review, or examination reveals that Net Sales have been understated in any report to us, you must immediately pay to us the Royalty Fees and Advertising Contributions due with respect to the amount understated on demand, in addition to interest provided for under this Agreement. If any understatement exceeds 2% of Net Sales as stated in the report, you must, in addition, on demand, reimburse us for all reasonable expenses connected with the audit, review, or examination (including reasonable accounting and attorneys' fees). These remedies are in addition to any other rights and remedies we have.

14.3 Systems and Reports. You must: (i) comply with all our Standards on accounting systems, procedures, and formats, if any; (ii) timely submit to us complete and accurate financial, operational, and other reports we require (including weekly reports detailing the Gross Sales and Net Sales during the preceding week and monthly profit and loss statements for the prior month's operations); and (iii) use all forms we specify. You must submit any report by mail, telephone, electronic means, or any other means we may designate. For purposes of reporting to us only and not for purposes of calculating Royalty Fees and Advertising Contributions due, "Gross Sales" means Net Sales, plus the amount of any discounts from redemptions of coupons, and other reductions made to calculate Net Sales.

14.4 Financial Statements. On or before February 1st of each year (or such other date specified by us in the Manuals or otherwise in writing, which may be by email or other electronic communications), you must furnish to us a statement of the profit and loss of the Franchised Business for the last fiscal year and a balance sheet as of the end of the last fiscal year, prepared in accordance with our requirements and certified by you to be true and correct. We have the right to demand audited financial statements if a financial-related default has occurred under this Agreement within the last calendar year.

14.5 Tax Returns. No later than 90 days following our request, you must furnish to us exact copies of all tax returns, including federal, state, and any local income tax returns relating to the Franchised Business or you or your Entity.

14.6 Financial Records. You must accurately and completely record all revenues the Franchised Business receives or is entitled to receive. You must keep and maintain accurate and complete books, records, tax returns, and all business, personnel, financial, and operating records related to the Franchised Business, including related supporting material, such as bank statements, POS tapes/records, cash receipts and credit and charge records, for at least 3 years.

These financial records may not be commingled with records for other businesses. If you have commingled your franchised records for various businesses, we have the right to review and audit the records for all commingled businesses.

14.7 Initial Investment Statements. You must submit to us, using the forms that we provide to you, complete and accurate statements of (i) the costs that you incurred developing the Franchised Business prior to the Opening Date, which shall be due to us within 30 calendar days after the Opening Date and (ii) the costs you incur during the first 90 days of operating your Franchised Business, which shall be due to us within 120 calendar days after the Opening Date.

14.8 Additional Information. You shall respond promptly to requests from us for clarification and/or additional information regarding any matter entrusted to you under this Agreement. You will inform us from time to time on our request of: (i) all prices you charge for Products you sell; and (ii) the prices your competitors charge in the area. We may use data and information derived from polling your Computer System or your financial reports and statements in any manner that we deem appropriate, including using the data in our Franchise Disclosure Document (the **"FDD"**), in performing market analyses, and in our promotional materials, provided that any information that we include in our FDD and promotional materials will not individually identify you or your Franchised Business.

14.9 Communications with Third Parties. You hereby grant us the right to release to your landlord, lender(s), or prospective landlord(s) and lender(s), any financial and operational information relating to you and/or the Franchised Business; however, we have no obligation to do so. Additionally, you grant permission to us to request information from your landlord and lender(s) and for such landlord and lender(s) to respond to any and all questions from us.

15. CONFIDENTIAL INFORMATION; RESTRICTIVE COVENANTS

15.1 Definitions. As used in this Agreement:

A. **"Confidential Information"** means any non-public information related to the System or information that, by its nature, would reasonably be expected to be held in confidence or kept secret. Without limiting the definition of "Confidential Information," all the following will be conclusively presumed to be Confidential Information whether or not we designate them as such: (i) the Standards and Manuals; (ii) pricing information and models; (iii) materials describing our franchise network and System; (iv) plans, layouts, designs and specifications for a prototypical Business; (v) our methods of preparing and serving Approved Products, including Recipes; (vi) our sources (or prospective sources) of supply and all information related to or concerning the same, including the identity and pricing structures with our Approved Suppliers; (vii) our training materials; (viii) our marketing plans and development strategies; (ix) this Agreement and any related schedules, exhibits, attachments, or addenda and all terms contained therein; (x) Customer Information (as defined in Section 15.3 (Customer Information)), whether collected by you, us or our affiliates, or a third party; and (xi) other information we give to you, except where such information is a Trade Secret (defined below).

B. **"Trade Secret"** means information that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use. Without limiting the definition of **"Trade Secrets,"** all the following will be conclusively presumed to be Trade Secrets whether or not we designate them as such: (i) the composition of our

Proprietary Goods; (ii) our Recipes; (iii) advertising, marketing, and public relations strategies; and (iv) our marketing analyses.

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

15.2 Protection of Confidential Information and Trade Secrets. You agree that the Confidential Information and Trade Secrets are not, by definition, generally known in the trade, that they are beyond your present skill and experience, and that for you to develop the Confidential Information and Trade Secrets on your own would be expensive, time-consuming, and difficult. You agree that the Confidential Information and Trade Secrets provide you with a competitive advantage, that they will be economically valuable to you in the development of your Franchised Business, and that gaining access to Confidential Information and Trade Secrets is therefore a primary reason why you are entering into this Agreement. You specifically agree that these restrictions are applicable even before you open the Franchised Business since you will receive valuable information and training about the System and the operation of the Franchised Business before you begin operations of your Franchised Business. You agree that you are liable under this provision even if you do not open the Franchised Business as this Agreement requires. Accordingly, in consideration of our disclosure of the Confidential Information and Trade Secrets, you agree that:

A. You and your Owners will not, during the Term:

(i) appropriate or use any Confidential Information or any Trade Secret for any purpose other than in accordance with this Agreement;

(ii) disclose or reveal any portion of the Confidential Information or any Trade Secret to any person, other than to your directors, officers, Owners, management employees, or others who: (a) have a legitimate business need to know of it to operate your Franchised Business, (b) are aware of the confidentiality restrictions in this Agreement, and (c) are similarly bound not to disclose the Confidential Information by an agreement at least as restrictive as the terms of this Agreement; or

(iii) divulge or use any Confidential Information or any Trade Secret for the benefit of any other person or Entity except as we expressly authorize.

B. You and your Owners will not at any time after the termination or expiration of this Agreement: (i) use any Confidential Information for any purpose; or (ii) divulge or use any Confidential Information for the benefit of any other person or Entity.

C. You and your Owners will not at any time after the termination or expiration of this Agreement: (i) use any Trade Secret for any purpose; or (ii) divulge or use any Trade Secret for the benefit of any other person or Entity.

D. You and your Owners will not copy, duplicate, record, digitally reproduce, or otherwise reproduce any of the Confidential Information or Trade Secrets, in whole or in part, or

otherwise make Confidential Information or Trade Secrets available to any third party, except as we authorize in this Agreement.

E. You will make all reasonable efforts and take all appropriate precautions to prevent unauthorized copying or disclosure of any Confidential Information or Trade Secrets which precautions will include, but not be limited to, restricting access to Confidential Information and Trade Secrets on a "need to know" basis and complying with our Standards and other directions from us.

15.3 Customer Information.

A. Protection of Customer Information. You must comply with our Standards, other directions from us, and all applicable Laws regarding the organizational, physical, administrative and technical measures and security procedures to safeguard the confidentiality, integrity, and security of Customer Information on your Computer System or otherwise in your possession or control and, in any event, employ reasonable means to safeguard the confidentiality, integrity, and security of Customer Information. "**Customer Information**" means names, contact information, financial information, purchasing history, market research data, and other personal information of or relating to the customers and prospective customers of the Franchised Business.

B. Access to Customer Information. All Customer Information that you or your third-party vendors collect from customers and potential customers in connection with your Franchised Business must be furnished to us at any time that we request it. In addition, we and our affiliates, through the Computer System or otherwise, have the right to independently access the Customer Information.

C. Use of Customer Information. You must only use Customer Information to market Approved Products to customers in accordance with the policies that we may establish periodically and applicable Laws. You may not sell, transfer, or use Customer Information for any purpose other than marketing Approved Products and the Franchised Business. We and our affiliates may use Customer Information in any manner or for any purpose. You must secure from your customers, prospective customers, vendors, and others all consents and authorizations, and provide them all disclosures, that applicable Law requires to transmit Customer Information to us and our affiliates, and for us and our affiliates to use that Customer Information, in the manner that this Agreement contemplates.

15.4 Restrictive Covenants. You agree that you will require all Owners to sign the Personal Covenants in Schedule B. You agree that you will comply with the following restrictions:

A. During the Term. During the Term, without our prior written consent, neither you nor any of your Owners, nor any person or Entity controlling, controlled by, or under common control with you or them, will individually or jointly with others, directly or indirectly, by, through, on behalf of, or in conjunction with, any person or Entity:

(i) own, manage, engage in, be employed by, advise, make loans to, participate in, consult for, or have any other interest in (a) any business that derives more than 20% of its annual revenue from the retail or wholesale production or sale of the competing products specified in Schedule A (the "**Competing Products**"), (b) any business that is the same as, or similar to, the Business concept as the concept evolves over time, or (c) any Entity that grants franchises or licenses for any of these types of businesses (each, a "**Competitive**

Business") other than the Franchised Business or another business you or they operate under an agreement with us;

(ii) divert or attempt to divert any business or potential business from the Franchised Business;

(iii) use any vendor relationship established through your association with us for any purpose other than to purchase products or equipment for use or retail sale in the Franchised Business; or

(iv) perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

B. Post-Term. Beginning at the expiration or termination of this Agreement and for 12 months thereafter or 12 months after a court of competent jurisdiction enters an order enforcing this Section 15.4 of this Agreement, whichever occurs last, (i) at the Accepted Location, (ii) within 3 miles of the Accepted Location, and (iii) within 3 miles of any Business, neither you nor any of your Owners, nor any person or Entity controlling, controlled by, or under common control with you or them, will individually or jointly with others, directly or indirectly, by, through, on behalf of, or in conjunction with, any person or Entity: (a) own, manage, engage in, be employed by, advise, make loans to, participate in, consult for, or have any other interest in a Competitive Business or (b) divert or attempt to divert any business from any Business.

C. Publicly Traded Corporations. Nothing in this Section 15.4 will prevent you from owning for investment purposes up to an aggregate of 5% of the capital stock of any Competitive Business, so long as the Competitive Business is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange or through the National Association of Securities Dealers Automated Quotation System (NASDAQ), and so long as you do not control the company in question.

D. Acknowledgements. You acknowledge and agree that: (a) you and the other individuals and Entities required to comply with this Section 15.4 have received or will receive an advantage through the training provided under this Agreement, the knowledge of the day-to-day operations of a Business, and access to the Standards, Manuals, System, Confidential Information, and Trade Secrets, and (b) the covenants and restrictions in this Section 15.4 (i) are reasonable, appropriate and necessary to protect the System, Confidential Information, Trade Secrets, other franchisees operating under the System, the goodwill of the System, relationships with our prospective and existing customers, and our legitimate interests; and (ii) do not cause undue hardship on you or any of the other individuals and Entities required by this Section 15.4 to comply with the covenants and restrictions.

15.5 Remedies. This Section 15 is a primary inducement to us to enter into this Agreement, and on any breach of this Section 15 you agree that we would be irreparably injured and without adequate remedy at law. Therefore, on a breach or a threatened or attempted breach of this Section 15, you agree that we are entitled, in addition to any other remedies we may have under this Agreement or at law or in equity (including the right to terminate this Agreement), to a preliminary and permanent injunction and a decree for specific performance of the terms of this Section 15 without the necessity of showing actual or threatened damage and without being required to furnish a bond or other security. You agree that it is conclusively presumed that any violation of Section 15.4 (Restrictive Covenants) was accompanied by the misappropriation and

inevitable disclosure of our Confidential Information, Trade Secrets, and other methods and procedures.

15.6 Modification. If any term in this Section 15 must be interpreted by a court or an arbitrator of competent jurisdiction, you expressly agree that: (i) the terms of this Section 15 are made freely and voluntarily by you and us, as two independent businesses, together with your Owners to whom we delivered due consideration, in an arms-length commercial transaction between experienced business operators; (ii) in no event should the terms be construed in the same manner or under the same body of law as analogous terms in a contract of employment; (iii) if a court or arbitrator finds that any term in this Section 15 is invalid or unenforceable for any reason, that term will automatically be modified to the minimum extent necessary to make it valid and enforceable, and the modification will be deemed to have been a part of this Agreement as of the Effective Date; (iv) the court or arbitrator should strictly construe these terms in favor of enforcement; and (v) if any term could be construed two ways, one of which would render the term valid and the other of which would render the term invalid, the court or arbitrator will construe the term in the manner that renders it valid. Any dispute between you and us arising out of or related to Section 15.4 (Restrictive Covenants), regardless of the forum in which the dispute is litigated, arbitrated, or otherwise addressed for purposes of resolving the dispute, will be governed by and construed and enforced in accordance with the laws of the state in which your Accepted Location is located, which laws will prevail in the event of any conflict of law.

15.7 Unfair Competition. Your breach of any subsection of this Section 15 will constitute unfair competition. You agree that Section 15.2 (Protection of Confidential Information and Trade Secrets) is a reasonable effort under the circumstances to maintain the confidentiality of our Confidential Information and the secrecy of our Trade Secrets.

16. TRANSFER

16.1 Definition of Transfer. For purposes of this Agreement, **"Transfer"** as a verb means to sell, assign, give away, transfer, pledge, mortgage, or encumber, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings), any interest in this Agreement, the Franchised Business, substantially all the assets of the Franchised Business, or in the ownership of the franchisee (if you are an Entity). **"Transfer"** as a noun means any such sale, assignment, gift, transfer, pledge, mortgage, or encumbrance. A "**Control Transfer**" means any Transfer of (i) this Agreement or any interest in this Agreement; (ii) the Franchised Business or all or substantially all of the Franchised Business's assets; or (iii) any Controlling Ownership Interest (defined below) in you (if you are an Entity), whether directly or indirectly through a transfer of legal or beneficial ownership interests in any Owner that is an Entity, and whether in one transaction or a series of related transactions, regardless of the time period over which these transactions take place. References to a "**Controlling Ownership Interest**" in you mean either (i) 20% or more of your direct or indirect legal or beneficial ownership interests in your Entity or (ii) an interest the acquisition of which grants the power (whether directly or indirectly) to direct or cause the direction of management and polices of you or the Franchised Business to any individual or Entity, or group of individuals or Entities, that did not have that power before that acquisition.

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

purported Transfer, without our prior written consent, will be null and void and will constitute a default under this Agreement, for which we may terminate this Agreement without opportunity to cure.

A. Requesting Consent. If you or any of your Owners desire to make a Transfer, you must promptly provide us with written notice. You agree to provide any information and documentation relating to the proposed Transfer that we reasonably require. We have the right to communicate with both you, your counsel, and the proposed transferee on any aspect of a proposed Transfer. No Control Transfer may be completed until at least 60 days after we receive all requested information to evaluate the proposed Control Transfer. No other Transfer may be completed until at least 30 days after we receive all requested information to evaluate such proposed Transfer.

B. Granting Consent. We have sole and absolute discretion to withhold our consent, except as otherwise provided in Sections 16.4 through 16.7. Without limiting the foregoing, we will not consent to a Transfer, and we are under no obligation to do so, if (i) your Franchised Business is not open and operating; or (ii) the Transfer would cause a transferee or its owners to breach another agreement (whether or not with us). Our consent to a Transfer does not constitute a waiver of any claims that we have against the transferor, nor is it a waiver of our right to demand exact compliance with the terms of this Agreement.

16.3 Control Transfer. For a proposed Control Transfer, in addition to any other conditions that we may specify and without limiting in any way our sole and absolute discretion to grant or withhold consent for a proposed Control Transfer, at a minimum, the following conditions must be satisfied (unless waived by us):

A. You notify us in writing at least 90 days prior to any proposed Control Transfer and provide all requested information at least 60 days prior to any proposed Control Transfer.

B. All sums you owe us and our affiliates are paid.

C. You are not (i) at the time of the Transfer request or the Transfer closing, in default in any material respect under this Agreement or any other agreement with us, or any of our affiliates, or any of our Approved Suppliers and (ii) you have not been during the Term, in default in any material respect under this Agreement or any other agreement with us, any of our affiliates, or any of our Approved Suppliers without curing such default within the applicable cure period.

D. The transferee and its proposed directors, officers, shareholders, partners, and members, as applicable, and its Manager and any other personnel we designate, who will be responsible for operating and managing the Business, satisfactorily complete before the date of Transfer our Management Training Program.

E. The transferee and its directors, officers, shareholders, partners, members, and managers, as applicable, meet our requirements for approval as new franchisees, including our requirements for proficiency in the English language. If the transferee, its affiliates, or any of its directors, officers, shareholders, partners, members, or managers owns an interest in another Business or another franchise licensed by one of our affiliates, those individuals or Entities must (i) at the time of the Transfer request or the Transfer closing, not be in default in any material respect under any agreement with us, any of our affiliates, or any suppliers, (ii) during the previous two years, not have been in default in any material respect under any agreement with us, our

affiliates, or any suppliers without curing such default within the applicable cure period, and (iii) in our sole judgment, have been approved to develop and operate additional franchises.

F. Notwithstanding when the Franchised Business was last remodeled, the transferee agrees in writing that it will, at its expense, upgrade, and remodel the Franchised Business to conform to our then-current Standards for quality and appearance and trade dress within the time we reasonably specify; provided, however, if the Franchised Business conforms to our then-current Standards for appearance, the transferee will only address all items identified in the last quality assurance inspection, within the time we reasonably state.

G. The transferee signs our then-current form of franchise agreement and all other then-current related agreements as we require of new franchisees generally provided, however, the transferee will not be required to pay the initial franchise fee stated in the new franchise agreement and the term of the new franchise agreement will expire on the expiration date of the Term of this Agreement. The terms of our then-current franchise agreement, including the fees, may be materially different than the terms of this Agreement.

H. The transferee (and, if the transferee is not an individual, such owners of a legal or beneficial interest in the transferee as we may request) must (i) enter into a written assignment, in a form satisfactory to us, assuming and agreeing to discharge and guarantee all of your obligations under this Agreement and (ii) must execute our then-current form of personal guarantee.

I. You, all Owners and guarantors, the transferee, and all individual owners of the transferee, deliver to us a written and duly signed general release, in a form that we will prepare at our sole expense, of all claims against the Released Parties, which indemnifies the Released Parties against any statements, representations, or warranties that you may have made or given to the proposed transferee.

J. We receive a fully-signed copy of all Transfer documents.

K. You pay us a transfer fee equal to 50% of the amount of the then-current initial franchise fee.

L. You and your Owners must agree to remain liable for all of the obligations to us in connection with the Franchised Business arising before the effective date of the Transfer and execute any and all instruments that we reasonably request to evidence such liability.

M. You must provide us with written notice from your landlord indicating that your landlord has agreed to transfer the Site Agreement to your transferee. If, as a condition of the Transfer, the lease is renewed or extended for one year or more, the then-current lease renewal fee (if any) will be assessed against the transferee.

N. We must determine, in our sole discretion, that the purchase price and payment terms will not adversely affect the operation of the Franchised Business, and if you or your Owners finance any part of the purchase price, you and they must agree that all obligations under promissory notes, agreements, or security interests reserved in the Franchised Business are subordinate to the transferee's obligation to pay all amounts due to us and our affiliates and otherwise to comply with this Agreement.

16.4 Non-Control Transfers. For any Transfer that does not result in a Control Transfer, you must give us advance notice and submit a copy of all proposed contracts and other information concerning the Transfer and transferee that we may request. We will have a reasonable time (not less than 30 days) after we have received all requested information to evaluate the proposed Transfer. You and/or your transferee must satisfy, in addition to others that we may specify, the conditions in Sections 16.3.B. (pay all sums owed), 16.3.C. (not in default), 16.3.E. (transferee meets qualifications), 16.3.H. (sign assignment and guaranty), 16.3.I. (sign general release), and 16.3.L. (remain liable for pre-Transfer obligations). You must pay us a transfer fee equal to 10% of the then-current initial franchise fee. You and your Owners must sign the form of agreement and related documents that we then specify to reflect your new ownership structure. We may withhold our consent on any reasonable grounds or give our consent subject to reasonable conditions.

16.5 Related Party Transfers. Notwithstanding anything to the contrary in Section 16.3 (Control Transfer) or 16.4 (Non-Control Transfers), you may Transfer cumulatively (i) up to a 49% (100% on your death or disability) interest in this Agreement, the Franchised Business, or your Entity to your spouse, your parent, or your child or (ii) up to a 100% interest in this Agreement, the Franchised Business, or your Entity to any of the original guarantors to this Agreement, provided you (a) give us prior written notice of the Transfer; (b) you and/or your transferee comply with the conditions in Section 16.3.C. (not in default), 16.3.E. (transferee meets qualifications), 16.3.H. (sign assignment and guaranty), 16.3.I. (sign general release), and 16.3.L. (remain liable for pre-Transfer obligations); (c) you pay us a transfer fee equal to 10% of the then-current initial franchise fee; and (d) if the Transfer is of a Controlling Ownership Interest, the transferee and any other personnel we designate satisfactorily complete before the date of Transfer our Management Training Program.

16.6 Transfer Upon Death or Incapacity. If you or any Owner dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must apply to us in writing within three months after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to Transfer the person's interest. The Transfer will be subject to the provisions of this Section 16, as applicable, except there shall be no transfer fee due. For purposes of this Section, "incapacity" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement (i) for a period of 30 or more consecutive days or (ii) for 60 or more total days during a calendar year. In the case of Transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of Section 16.3.E. (transferee meets qualifications), the executor may Transfer the decedent's interest to another successor that we have approved, subject to all of the terms and conditions for Transfers contained in this Agreement. If an interest is not disposed of under this Section 16.6 within 180 days after the date of death or appointment of a personal representative or trustee, we may terminate this Agreement.

16.7 Security Interests. You may not grant any security interest in the Franchised Business, the assets used in the operation of the Franchised Business, or any direct or indirect legal and/or beneficial interest in you without our prior written consent, which will not be unreasonably withheld. Our consent may be conditioned, in our sole discretion, on the written agreement by the secured party that, in the event of a default by you under any agreement related to the security interest, we will have the right and option (but not the obligation) to purchase the rights of the secured party upon payment of all sums then due to the secured party. Any foreclosures or other exercise of the rights granted under that security interest are subject to all applicable terms and conditions of this Section 16. Notwithstanding the foregoing, however, you may grant, without obtaining our prior written approval, a security interest in the assets of the Franchised

Business (not including this Agreement) to a lender for the sole purpose of financing your acquisition, development, and/or operation of the Franchised Business.

16.8 Right of First Refusal.

A. Option Period. If you receive and want to accept a *bona fide* written offer from a third party to purchase the Franchised Business or substantially all the interests in you (collectively, the **"Interest"**), you must give us: (i) prompt written notice of the offer, stating the name and address of the prospective purchaser and the price and terms of the offer; and (ii) copies of all written documents and other information reasonably related to the offer provided by or to the prospective purchaser. For 30 days after we receive the information required by this Section (the **"Option Period"**), we will have the option to purchase the Interest on the same terms as the third party offers; provided, however, if any portion of the consideration the third-party offers is other than cash, we will have the option of substituting the equivalent cash value.

B. Appraisal Process. If we cannot agree within a reasonable time on the equivalent cash value, the equivalent cash value will be determined by three independent appraisers using the following appraisal process (the **"Appraisal Process"**): (i) you will designate one appraiser and we will designate one appraiser, and the two appraisers that you and we designate will select a third appraiser, (ii) the majority determination of the three appraisers will be binding, (iii) each party will pay the appraiser's fee for the appraiser designated by that party, and (iv) you and we will each pay 50% of the third appraiser's fee.

C. Procedure. In order for us to have enough information to decide whether to exercise our option, you must promptly deliver to us, at our request, any information about the Franchised Business that we request not otherwise called for by this Agreement. If you comply with this Section 16.8 and we do not exercise our right of first refusal within the Option Period, you may, within 30 days after the expiration of the Option Period, sell, assign, and transfer the Interest to the third party specified in your notice in accordance with the terms and conditions of this Section 16. Any material change in the terms of the offer before closing of the sale to the third party will constitute a new offer, subject to the same rights of first refusal by us as in the case of an initial offer. Our failure to exercise our option under this Section 16.8 will not be waiver of any other provision of this Agreement.

16.9 Restrictions on Advertising Sale of Franchised Business. You may not, without our prior written consent: (i) place in, on, or upon the Accepted Location any advertisement for the transfer, sale, or other disposition of the Franchised Business or any ownership interest in you, (ii) use any Marks in advertising (in any form of media) the transfer, sale, or other disposition of the Franchised Business or any ownership interest in you, or (iii) list the Franchised Business or any ownership interest in you with any business broker, real estate broker, agent, or attorney.

16.10 Our Right to Transfer. We may Transfer all of our rights and obligations under this Agreement, provided that: (i) we, in our sole discretion, determine that the transferee under the Transfer is able to perform our obligations under this Agreement; and (ii) the transferee agrees, in writing, to perform our obligations under this Agreement. We are not required to obtain your consent for our Transfer. Following the effective date of the Transfer, you will look solely to the transferee, and not to us, for the performance of all obligations in this Agreement.

17. DEFAULT AND TERMINATION

17.1 Your Termination and Notice of Our Breach. You will have no right to terminate this Agreement. If we breach this Agreement, your sole remedy will be an arbitration proceeding under this Agreement.

17.2 Our Termination: No Opportunity to Cure. We have the right to terminate this Agreement without affording you any opportunity to cure the default, effective on our sending of notice of termination to you (or the earliest date permitted by applicable law) if:

A. You or your Owners violate the Personal Covenants or other restrictive covenants, including the restrictions related to the use of Confidential Information or Trade Secrets, in Section 15 (Confidential Information; Restrictive Covenants).

B. You copy or permit others to copy any portion of the Manuals, except for forms and similar items included in them for the express purpose of copying, or fail to take all necessary precautions to ensure that the Manuals are kept free from theft, unauthorized copying, unauthorized access, fire, or other acts that may jeopardize the confidentiality of its contents.

C. You or any of your Owners, officers, or directors: (i) are convicted of or plead no contest to a felony or a crime involving fraud or moral turpitude or any other crime that we deem likely to have an adverse effect on the good name, business, goodwill, image or reputation of the Franchised Business, the System, or the Marks, whether on a local, regional, or national scale (including any such convictions or pleas that occurred prior to the Effective Date that we learn of after the Effective Date); (ii) engage in fraudulent, deceptive, unethical, criminal, or other conduct that, in our determination, is likely to have an adverse effect on the good name, business, goodwill, image, or reputation of the Franchised Business, the System, or the Marks, whether on a local, regional, or national scale; (iii) make, or have made, any material misrepresentation to us related to the Franchised Business or this Agreement; or (iv) knowingly maintain false books or records or submit any false reports to us related to the Franchised Business.

D. You abandon the Franchised Business or otherwise voluntarily suspend operation of the Franchised Business without our prior written consent for five or more consecutive business days on which you were required to operate.

E. Your interest (or your affiliate's interest) in the lease or sublease for the Accepted Location is terminated or expires or you (or your affiliate) otherwise lose possession of the Accepted Location.

F. We send you two or more written notices of default under this Agreement for the same or a similar cause or reason in any consecutive 12-month period, whether or not cured.

G. You: (i) become insolvent by reason of an inability to pay debts as they come due; (ii) are adjudicated bankrupt; (iii) file a petition for bankruptcy protection; (iv) are the debtor in an involuntary bankruptcy petition that is not dismissed within 60 days; (v) are the debtor in an assignment for the benefit of creditors that is not dismissed within 60 days; (vi) are the subject of a voluntary or involuntary petition for reorganization or similar proceeding that is not dismissed within 60 days; (vii) are the subject of a petition for appointment of a receiver, permanent or temporary, that is not dismissed within 60 days; (viii) are the judgment debtor in any final judgment of $10,000 or more and the judgment remains unsatisfied of record for more than 60 days, unless you have obtained an appeal bond covering the amount of your liability; (ix) have your bank

accounts, property, or receivables attached and the attachment proceedings are not dismissed within 60 days; (x) have an execution levied against your Franchised Business or property and the execution is not dismissed within 60 days; or (xi) are the subject of any suit to foreclose any lien or mortgage related to the Franchised Business or the property thereof, and the suit is not dismissed within 60 days.

H. Your or any of your Owners' assets, property, or interests are blocked under any Law relating to terrorist activities, or you or any of your Owners otherwise violate any such Law.

I. You fail to open the Franchised Business by the later of (i) the Opening Deadline or (ii) the last extension of time granted to you pursuant to Section 6.5.D (Failure to Meet Deadlines), if any.

J. You, your affiliates, and/or any Entities owned by or affiliated with any of your Owners default under any other agreement between us and/or our affiliates, whether or not related to the Franchised Business, and fail to cure such default within any applicable cure periods (if any) under such agreement, provided that such default or failure to cure such default would permit us or our affiliate to terminate such agreement.

K. You operate your Franchised Business in any manner that we determine in our reasonable discretion poses a threat or danger to public health or safety, including, without limitation, if a public official requires you to close your Franchised Business as a result of your violation of any Laws relating to public health or safety.

L. You misuse or make any unauthorized use of the Marks.

17.3 Our Termination: Opportunity to Cure Within Cure Period. We have the right to terminate this Agreement for any of the defaults in this Section 17.3 after we send you a notice of default, if you fail to cure the default to our reasonable satisfaction within the time specified below (or the earliest date permitted by applicable law), without further notice or opportunity to cure if:

A. 24 hours after we send you a notice of default, you fail to cure a default for failing to grant us immediate access to your Franchised Business or any other place where business related to the Franchised Business is conducted to perform any of the inspections, audits, or copying described in this Agreement; or if in the course of an inspection, audit, or copying you fail to make the materials we request available to us or provide us with full cooperation in the course of the inspections, audits, or copying.

B. 24 hours after we send you a notice of default, you fail to cure a default related to any dilution or adulteration of Approved Products or any misrepresentation, substitution, or palming off of unapproved products from the Franchised Business.

C. 24 hours after we send you a notice of default, you fail to cure a default related to complying fully with all Laws, unless there is a bona fide dispute as to the violation or legality of a Law and you promptly resort to a court or other appropriate forum having jurisdiction to contest the violation or illegality.

D. 5 calendar days after we send you a notice of default, you fail to cure a default related to (i) selling, bartering, or exchanging, or attempting to sell, barter, or exchange, any Proprietary Goods or Approved Products at wholesale or retail, except as contemplated by this

Agreement, (ii) failing to purchase all Goods from us, our affiliates, or our designated Approved Suppliers, or (iii) using any unapproved Goods in the Franchised Business.

E. 10 calendar days after we send you a notice of default, you fail to cure a default for failing to pay promptly when due all debts you owe us or our affiliates, all undisputed debts you owe our Approved Suppliers, and all taxes and other obligations you owe for the Franchised Business, including all federal, state, and local taxes, and all accounts payable of any nature.

F. 10 calendar days after we send you a notice of default, you fail to cure a default relating to obtaining the signing of the Personal Covenants required in Section 15.4 (Restrictive Covenants).

G. 10 calendar days after we send you a notice of default, you fail to cure a default under any mortgage, deed of trust, lease, or sublease of the Accepted Location.

H. 10 calendar days after we send you a notice of default, you fail to cure a default relating to Section 13.2 (Required Insurance) and/or Section 13.3 (Carrier; Proof of Insurance).

I. 10 calendar days after we send you a notice of default, you fail to cure a default relating to Section 14.3 (Systems and Reports).

J. 30 calendar days after we send you a notice of default, you fail to cure a default for failing to meet the Site Approval Deadline or the Construction Start Deadline.

K. 30 calendar days after we send you a notice of default, you fail to cure a default relating to maintaining accurate books of account and business and accounting records as required by this Agreement.

L. 30 calendar days after we send you a notice of default, you fail to cure any breach of any of your other obligations to us under this Agreement (including for a quality assurance inspection failure).

17.4 Suspension of Rights After Your Default. If you are in default of any obligation under this Agreement or our Standards, then we may, in addition to our other remedies, temporarily suspend, until you fully cure the default, your (i) access and use of the System, our websites (including your access or use of website pages), our applications, or our online ordering platforms and (ii) ability to purchase Goods, including Proprietary Goods and Approved Products. No such suspension shall constitute a waiver or election of remedies, and we reserve our right to terminate this Agreement in accordance with its provisions. All Royalty Fees, Advertising Contribution, and all other fees due under this Agreement will continue to accrue during the suspension period. We may also notify your lenders and landlord if you are in default of any obligations under this Agreement. Our consent, approval, or acceptance of any item may be withheld if you are in default under this Agreement or may be conditioned on the cure of all your defaults.

17.5 Other Remedies After Your Default. If you commit a default that cannot be cured as specified in Section 17.2 (Our Termination: No Opportunity to Cure) or if you fail to cure a default within the cure period specified in Section 17.3 (Our Termination: Opportunity to Cure Within Cure Period), if we do not exercise our right to terminate the Agreement, we may, at our sole election and upon delivery of written notice to you, take any or all of the following actions:

A. Suspend your access and use of the System or our websites (including your access or use of website pages), our applications, or our online ordering platforms;

B. Suspend your or the Franchised Business's participation in any programs or benefits we offer, including any programs or benefits that are funded by Advertising Contributions;

C. Suspend any other services that we or our affiliates provide to you under this Agreement or any other agreement;

D. Suspend or terminate any temporary or permanent fee reductions to which we might have agreed (whether as a policy, in an amendment to this Agreement, or otherwise);

E. Suspend our performance of, or compliance with, any of our obligations to you under this Agreement or other agreements; and/or

F. Undertake or perform on your behalf any obligation or duty that you are required to, but fail to, perform under this Agreement. You will reimburse us upon demand for all costs and expenses that we reasonably incur in performing any such obligation or duty.

17.6 Exercise of Other Remedies. Our exercise of our rights under Section 17.4 (Suspension of Rights After Your Default) and 17.5 (Other Remedies After Your Default) will not (i) be a defense for you to our enforcement of any other provision of this Agreement or waive or release you from any of your other obligations under this Agreement, (ii) be a defense at law or equity based on impossibility of your performance or any claim against us or our Approved Suppliers. (iii) constitute an actual or constructive termination of this Agreement, or (iv) be our sole or exclusive remedy for your default. You must continue to pay all fees and otherwise comply with all of your obligations under this Agreement following our exercise of any of these rights. If we exercise any of our rights under Section 17.5, we may thereafter terminate this Agreement without providing you any additional corrective or cure period, unless the default giving rise to our right to terminate this Agreement has been cured to our reasonable satisfaction.

18. OBLIGATIONS ON EXPIRATION OR TERMINATION

18.1 General Obligations. On expiration or termination of this Agreement for any reason, you must:

A. Immediately cease using the System, including the Marks and any confusingly similar names, marks, commercial symbols, systems, insignia, symbols, color schemes, trade dress, designs, procedures, domain names, and methods. If you fail or refuse to make changes to the Franchised Business required to distinguish the Franchised Business from its former appearance, we have the right, in addition to all other remedies, to enter the Accepted Location and make the required changes on your behalf, and you must pay to us the entire costs we incur in making the changes, including interest from the date of demand, plus an administrative fee in an amount equal to 15% of the entire cost of the changes.

B. Immediately return to us: (i) all hard copies and electronic copies (capable of being returned) of the Confidential Information and Trade Secrets, including the Manuals, together with all copies of any of them; and (ii) all other manuals, records, files, instructions, correspondence and other materials relating to the operation of the Franchised Business (**"Other Materials"**). If you have on your computer systems, your e-mail accounts, or other digital storage systems or services copies of the Confidential Information, Trade Secrets, and/or Other Materials, you must

immediately erase these copies. You must provide us with a certification attesting to the fact that all copies of the Confidential Information, Trade Secrets, and Other Materials in your control or the control of your officers, directors, owners, employees, agents, and representatives have been returned or destroyed in accordance with this Section.

C. Within 5 days after expiration or termination, pay us and our affiliates the full amount you owe us and them.

D. Immediately stop identifying yourself in any way as our franchisee or former franchisee.

E. Immediately comply with the restrictive covenants in Section 15 (Confidential Information; Restrictive Covenants).

F. Immediately take all action required (i) to cancel all assumed name or equivalent registrations relating to your use of the Marks and (ii) to cancel or transfer to us or our designee all authorized and unauthorized domain names, social media accounts, telephone numbers, post office boxes, and classified and other directory listings relating to, or used in connection with, the Franchised Business or the Marks (collectively, **"Identifiers"**). You acknowledge that as between you and us, we have the sole rights to and interest in all Identifiers. If you fail to comply with this Section 18.1.F., you hereby authorize us and irrevocably appoint us or our designee as your attorney-in-fact to direct the telephone company, postal service, registrar, Internet Service Provider and all listing agencies to transfer such Identifiers to us. The telephone company, the postal service, registrars, Internet Service Providers and each listing agency may accept such direction by us pursuant to this Agreement as conclusive evidence of our exclusive rights in such Identifiers and our authority to direct their transfer; and

G. Promptly sign all documents and take all other actions as we deem necessary to affect the intent and provisions of this Section 18.1.

18.2 Reinstatement. If this Agreement is terminated under Section 17.2.K (Franchised Business poses a threat to public health and safety), we may, in our sole discretion, permit you to apply for reinstatement of this Agreement within 7 days of the effective date of termination, after the first termination only. Our approval of reinstatement will not be unreasonably withheld and will be subject to the following conditions. You must:

A. Cure the default that led to the termination of this Agreement;

B. Pay us all fees due us, including Royalty Fees and Advertising Contributions;

C. Pay us a fee to compensate us for your continued use of the Marks during the period of termination equal to the number of days between the date of termination of this Agreement and the date of reinstatement of this Agreement multiplied by the average daily Royalty Fee due to us during the calendar month preceding the date of termination,

D. Pay us a reinstatement fee of 10% of the amount of the then-current initial franchise fee; and

E. Sign and return to us our standard form of reinstatement agreement that we specify, which will include your commitment to a refurbishment plan that you and we must agree on.

18.3 Liquidated Damages.

A. Amount. You agree that any termination of this Agreement before the expiration of the Term will deprive us of the benefit of the bargain we are entitled to receive under this Agreement. As a result, if this Agreement is terminated after the Opening Date, you must pay us, as liquidated damages for the loss of the benefit of the bargain we are entitled to receive, and not as a penalty, a lump-sum payment equal to the average monthly Royalty Fee you owed us during the 36 months before the termination date times the lesser of the remainder of the Term or 36 months. If less than 36 months have lapsed between the Opening Date and the termination date, the liquidated damages will be the average monthly Royalty Fee during the time between the Opening Date and the termination date, multiplied by 36. If the termination occurs before the Opening Date, you will forfeit the Initial Franchise Fee paid and will not owe us any liquidated damages.

B. Payment of Liquidated Damages. You will pay all amounts stated in this Section 18.3 within 30 days after the termination of this Agreement. You agree, and you direct any party construing this Agreement to conclusively presume, that the damages stated in this Section 18.3: (i) are true liquidated damages; (ii) are intended to compensate us for the harm we will suffer; (iii) are not a penalty; (iv) are a reasonable estimate of our probable loss resulting from your defaults, viewed as of the termination date; and (v) will be in addition to all other rights we have to obtain legal or equitable relief. We have the right to set off any credits, balances or amounts we owe to you against the amounts you owe under this Section 18.3.

18.4 Additional Obligations. The following obligations are in addition to the general obligations and the liquidated damages stated above.

A. Right to Operate. If we terminate this Agreement under Section 17 (Default and Termination), we will have the right to immediately enter and take possession of your Franchised Business to maintain continuous operation of the Franchised Business, provide for orderly change of management and disposition of personal property, and otherwise protect our interests. If we exercise this right, you will vacate the Franchised Business promptly and completely, rendering all necessary assistance to us to enable us to take prompt possession, and you will have no right to any revenue that we earn while operating the Franchised Business. If you dispute the validity of our termination of this Agreement, we will nevertheless have the option, which you irrevocably grant, to operate the Franchised Business pending the final, unappealed determination of the dispute under this Agreement. If an arbitrator or court of competent jurisdiction makes a final, unappealed determination that the termination was not valid, we will make a full and complete accounting for the period during which we operated the Franchised Business.

B. Right to Acquire Accepted Location. If we terminate this Agreement under Section 17 (Default and Termination), you will, at our option, assign to us, or another franchisee we designate, your interest in any Lease for the Accepted Location, and will vacate the Franchised Business promptly and completely, rendering all necessary assistance to us or the other franchisee to enable it to take prompt possession. If you or one of your affiliates owns the Accepted Location, we may elect to purchase the Accepted Location or, at our option, lease the Accepted Location from you or that affiliate for an initial five-year term with one renewal term of five years (at our option) on commercially reasonable terms. If you and we cannot agree on a purchase price for the Accepted Location in a reasonable time, the purchase price will be determined by three independent appraisers using the Appraisal Process. If we elect to exercise this option to purchase, we may set off all amounts you owe us or our affiliates under this

Agreement against any payments for the purchase. You (and your Owners) agree to cause your affiliate to comply with these requirements.

C. Right to Acquire Property. If we exercise our option to acquire rights to your Accepted Location, within 15 days after our notice to you of this election, you will arrange with us for an inventory to be made by us, at our cost, of all Goods related to the Franchised Business, including all items bearing the Marks. We will have the option, to be exercised within 30 days after our completion of the final inventory, or our receipt thereof, to purchase from you any or all of these items at the actual fair market value (exclusive of goodwill) (the **"Purchase Value"**). If we elect not to purchase your Goods related to the Franchised Business, we can retract our exercise of our option to acquire rights to your Accepted Location under Section 18.4.B. (Right to Acquire Accepted Location). If the parties cannot agree on a Purchase Value within a reasonable time, the Purchase Value will be determined by three independent appraisers using the Appraisal Process. If we elect to exercise this option to purchase, we may set off all amounts you owe us or our affiliates under this Agreement against any payments for the purchase. At the closing, you will deliver to us, in a form satisfactory to us, good and merchantable title to the assets purchased, free and clear of any encumbrances, together with all licenses or permits that may be assigned or transferred. You will be responsible for all sales and other transfer taxes.

19. DISPUTE RESOLUTION

19.1 Resolution of Disputes.

A. Arbitration. Except as stated in Section 19.1.D. (Excepted Disputes) of this Agreement, all disputes between you, your affiliates, Owners, guarantors, and/or your or your affiliates' officers, directors, and employees, on the one hand, and us, our affiliates, and/or our or our affiliates' officers, directors and employees, on the other hand, relating to this Agreement, our relationship with you, or your Franchised Business, will be resolved by binding arbitration. The arbitration proceeding shall be conducted by one arbitrator and, except as this Section 19.1 otherwise provides, according to the then-current Commercial Arbitration Rules of the American Arbitration Association (the **"AAA"**). All arbitration proceedings will be held at AAA's offices or other suitable offices that we select in the metropolitan area in which our principal place of business is then located. The arbitrator shall have no authority to select a different hearing locale. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.).

B. Individual Actions. We and you agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between us and you may not be consolidated with any other arbitration proceeding between us and any other person. Notwithstanding the foregoing or anything to the contrary in this Section 19.1, if any court or arbitrator determines that this prohibition on class-wide arbitration is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 19.1, then the parties agree that this arbitration clause shall not apply to that dispute and that such dispute will be resolved in a judicial proceeding in accordance with Section 19.1.D. (Excepted Disputes).

C. Relief. The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs, provided that the arbitrator may not declare any Mark generic or otherwise invalid or, except as expressly provided in Section 19.1.F. (Waiver of Punitive Damages), award any special, consequential, exemplary, or punitive damages against either party (we and you hereby waiving to the fullest

extent permitted by law, except as expressly provided in Section 19.1.F. below, any right to or claim for any special, consequential, exemplary, or punitive damages against the other).

D. Excepted Disputes. The following disputes will not be resolved through arbitration unless we consent to arbitration: (i) disputes that arise under or are related to the Lanham Act, as now or later amended; (ii) disputes that otherwise relate to the ownership or validity of any of the Intellectual Property; (iii) disputes that involve enforcement of our intellectual property rights or protection of our Confidential Information or Trade Secrets; or (iv) disputes related to the payment of sums you owe us or our affiliates. Any litigation under this subsection will be filed exclusively in the United States District Court for the district in which we have our principal place of business at the time of filing, and you irrevocably consent to this court's jurisdiction over you.

E. Binding Decision. The decision and award of the arbitrator will be final, conclusive, and binding on all parties regarding any claims, counterclaims, issues, or accountings presented or pled to the arbitrator, and judgment on the award, including any partial, temporary or interim award, may be entered in any court of competent jurisdiction. The parties agree that the arbitrator may award interest from the date of any damages incurred for breach or other violation of this Agreement, and from the date of the award, until paid in full, at a rate to be fixed by the arbitrator, but in no event less than 2.5% per annum above the Citibank Preference Rate quoted for the corresponding periods, as reported in The Wall Street Journal, or the maximum rate permitted by applicable law, whichever is less.

F. Waiver of Punitive Damages. EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US FOR THIRD PARTY CLAIMS UNDER SECTION 13.1 (INDEMNIFICATION), CLAIMS FOR YOUR INFRINGEMENT OF OUR INTELLECTUAL PROPERTY, AND CLAIMS FOR YOUR BREACH OF YOUR OBLIGATIONS UNDER SECTION 15.2 (PROTECTION OF CONFIDENTIAL INFORMATION AND TRADE SECRETS) OF THIS AGREEMENT, NEITHER PARTY WILL BE ENTITLED TO RECOVER SPECIAL, CONSEQUENTIAL, EXEMPLARY, OR PUNITIVE DAMAGES UNDER THIS AGREEMENT.

G. Injunctive Relief. Notwithstanding our agreement to arbitrate, either party will have the right to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction with respect to any dispute subject to arbitration; provided, however, that such party must contemporaneously submit the dispute for arbitration on the merits as provided in this Section 19.1. In addition to any other relief available at law or equity, we will have the right to obtain restraining orders or temporary or permanent injunctions to: (i) enforce, among other matters, the provisions of this Agreement related to the System; (ii) enforce your obligations on termination or expiration of this Agreement; and (iii) prohibit any act or omission by you or your employees that is a violation of applicable Law or that threatens the Intellectual Property.

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

19.3 Attorneys' Fees. You agree to reimburse us for all expenses we reasonably incur (including attorneys' fees): (i) to enforce the terms of this Agreement or any obligation owed to us by you and/or the Owners (whether or not we initiate a legal proceeding, unless we initiate and fail to substantially prevail in such court or formal legal proceeding); and (ii) in the defense of any

claim you and/or the Owners assert against us on which we substantially prevail in court or other formal legal proceedings. We agree to reimburse you for all expenses you reasonably incur (including attorneys' fees): (a) to enforce the terms of this Agreement or any obligation owed to you by us (whether or not you initiate a legal proceeding, unless you initiate and fail to substantially prevail in such court or formal legal proceeding); and (b) in the defense of any claim we assert against you on which you substantially prevail in court or other formal legal proceedings.

19.4 Limitation of Claims. EXCEPT FOR CLAIMS ARISING FROM (i) YOUR NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS YOU OWE US, (ii) YOUR COMPLIANCE WITH ANY POST-TERMINATION OBLIGATIONS, OR (iii) ANY VIOLATION OF OUR INTELLECTUAL PROPERTY RIGHTS, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU WILL BE BARRED UNLESS A JUDICIAL OR ARBITRATION PROCEEDING IS COMMENCED WITHIN 24 MONTHS FROM THE DATE ON WHICH THE ACT, CONDUCT, EVENT, OR OCCURRENCE GIVING RISE TO THE CLAIMS OCCURS, REGARDLESS OF WHEN THE CLAIMS WERE, OR SHOULD HAVE BEEN, DISCOVERED.

19.5 Waiver of Jury Trial. 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.

20. MISCELLANEOUS

20.1 Relationship of Parties. You are an independent contractor. Nothing in this Agreement is intended to or does in fact or law make either party a general or special agent, joint venturer, partner, or employee of the other for any purpose. This Agreement does not create a fiduciary relationship between us. Further, we and you are not and do not intend to be partners, associates, or joint employers in any way, and we shall not be construed to be jointly liable for any of your acts or omissions under any circumstances. Although we retain the right to establish and modify the Standards that you must follow, you retain the responsibility for the day-to-day management and operation of the Franchised Business and implementing and maintaining Standards at the Franchised Business. To the extent that the Manuals or Standards contains employee-related policies or procedures that might apply to your employees, those policies and procedures are provided for informational purposes only and do not represent mandatory policies and procedures to be implemented by you. You must determine to what extent, if any, these policies and procedures may be applicable to your operations at the Franchised Business. You and we recognize that we neither dictate nor control labor or employment matters for franchisees and that you, and not us, are solely responsible for dictating the terms and conditions of employment for your employees. We have no relationship with your employees, and you have no relationship with our employees. You must conspicuously identify yourself and the Franchised Business, in all dealings with your customers, contractors, suppliers, public officials, and others, as an independent franchisee, in the fashion that we specify.

20.2 No Right to Bind; No Liability.

A. No Right to Bind. You will not use the Marks in signing any contract, instrument, application for any license or permit, or legal obligation, or in a manner that may result in liability to us for your obligations, except as this Agreement expressly authorizes. Except as this Agreement expressly authorizes, neither of us will make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name of or on behalf of the

other or represent that the relationship between you and us is other than that of franchisor and franchisee.

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

20.3 General Release. In consideration of our agreement to enter into this Agreement, you, for yourself (and if you are an Entity, for purposes of this Section "you" and "your" includes you as an Entity and your directors, officers, owners, shareholders, partners, members, managers, representatives, employees, agents, and attorneys) and for each and all of your affiliates and such affiliates' directors, officers, owners, shareholders, partners, members, managers, representatives, employees, agents and attorneys, together with the predecessors, successors, heirs and assigns of each of the foregoing (individually, collectively and in any combination, the "Releasing Parties"), release and forever discharge the Released Parties of and from all manner of actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, agreements, controversies, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law, admiralty or equity, whether known or unknown, that the Releasing Parties, ever had, now have, or that the Releasing Parties hereafter can or may have for, on or by reason of any matter, cause or thing whatsoever, arising prior to and including the Effective Date. This release shall not apply to any claims arising from representations made in the FDD (including its exhibits) that we delivered to you or your representative.

20.4 Force Majeure. A "**Force Majeure**" is any occurrence, event, or condition beyond your or our reasonable control that is not reasonably foreseeable and cannot be reasonably avoided, which may include an (a) act of God, terrorism, war, insurrection, civil commotion, chemical or nuclear contamination, strike, epidemic, pandemic, or embargo; (b) lack of water, materials, or power specified or reasonably necessary for the operation of your Franchised Business or our business; (c) fire, hurricane, tornado, earthquake, flood, or other unavoidable property casualty; or (d) act or order by a governmental authority (not limited to or caused by the party asserting the Force Majeure) that prevent or materially hinder or delay either party from providing services under this Agreement. If a Force Majeure occurs, provided that the party promptly provides the other party with written notice of the Force Majeure, the party so affected will be relieved of its respective obligations to the extent that that party is necessarily prevented, or materially hindered or delayed, in performance during the period of the Force Majeure, except a Force Majeure shall not relieve a party of any (i) payment obligations for monies owed, (ii) obligations that existed prior to the start of the period of the Force Majeure, (iii) obligations that start after the period of Force Majeure, or (iv) other obligations that are not necessarily prevented, or materially hindered or delayed during the period of the Force Majeure.

20.5 Notices. All notices required or permitted under this Agreement must be in writing, and must be personally delivered or mailed by registered or certified mail, return receipt requested, or by a nationally recognized overnight delivery service, to us at the address specified in Schedule A and to you at the address specified in Schedule A. The addresses for notices may be changed

at any time by either party by written notice given to the other party as provided in this Section. Notices will be deemed received the same day when delivered personally, upon attempted delivery when sent by registered or certified mail or overnight delivery service, or the next business day when sent by facsimile.

20.6 Compliance with Anti-Terrorism Laws. You and your Owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your Owners otherwise are not in violation of, any of the Anti-Terrorism Laws. **"Anti-Terrorism Laws"** mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your Owners, or any blocking of your or your Owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement, as provided in Section 17.2.H. (violation of law relating to terrorist activities).

20.7 Personal Guaranty. All Owners must sign the Guaranty of Payment and Performance in Schedule C.

21. ACKNOWLEDGEMENTS

21.1 Timely Receipt and Review of Agreement and Disclosure Document. You received a FDD required by applicable state and/or federal laws, including a form of this Agreement, at least 14 calendar days (or such longer time period as required by applicable state law) before you executed this Agreement or any related agreements or paid any consideration to us. If we made any unilateral and material changes to the terms and conditions of the form of this Agreement that was included in the FDD (other than changes that arose out of negotiations that you initiated), you received a revised copy of this Agreement that included such changes and were informed of any material differences between this Agreement and the form included in the FDD at least seven calendar days before you executed this Agreement or any related agreements or paid any consideration to us.

21.2 Acknowledgements in Certain States. The following acknowledgements apply to all franchisees and Franchised Businesses, except those that are subject to the state franchise disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

A. Understanding of Agreement and Disclosure Documents. You have read this Agreement and the FDD and have been given ample opportunity to consult with, and ask questions of, our representatives and your legal counsel and advisors regarding the documents.

B. Your Acknowledgements. You acknowledge and agree that: (i) you have conducted an independent investigation of the business contemplated by this Agreement, recognize that it involves business risks, and recognize that making a success of a venture is largely dependent on your own business abilities; (ii) no assurance or warranty, express or implied, has been given to you by us or any of our affiliates as to the potential success of any business contemplated by this Agreement or the profits that may be achieved; (iii) there are no promises, commitments, "side deals," options, rights of first refusal, or other rights or obligations in connection with this Agreement except as expressly provided for in this Agreement; and (iv)

the terms and covenants in this Agreement are reasonable and necessary for us to maintain our high standards of quality and service, as well as the uniformity of those standards at each Business, and to protect and preserve the goodwill of the Marks.

C. No Reliance on Contrary Representations. You have no knowledge of any representations made about the franchise opportunity by us, our affiliates, or any of our or their officers, directors, owners, or agents that are contrary to the statements made in our FDD or to the terms and conditions of this Agreement. You are not relying on any representations or warranties, express or implied, furnished by us or our representatives other than those expressly set forth in this Agreement and the FDD.

D. Financial Performance Representations. Except as may be stated in the FDD, neither we, nor any of our affiliates, nor any of our or our affiliates' officers, agents, employees, or representatives have made any representation to you, express or implied, as to the historical revenues, earnings, or profitability of any Business or the anticipated revenues, earnings, or profitability of the business subject to the license or any other business operated by us, our licensees, our franchisees, or our affiliates. Any information you have acquired from other franchisees regarding their sales, profits or cash flows is not information obtained from us, and we make no representation about that information's accuracy.

21.3 No Waiver or Disclaimer of Reliance in Certain States. The following provision applies only to franchisees and Franchised Businesses that are subject to the state franchise disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

> No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

22. CONSTRUCTION

22.1 Waiver or Delay. Except as otherwise stated in this Agreement, no waiver of, or delay in requiring strict compliance with any obligation of this Agreement, or the exercise of any right or remedy provided in this Agreement, and no custom or practice at variance with the requirements of this Agreement, will constitute a waiver or modification of any obligation, right, or remedy, or preclude the exercise of any right or remedy or the right to require strict compliance with any obligation stated in this Agreement, or will preclude, affect, or impair enforcement of any right or remedy provided in this Agreement with respect to any later default.

22.2 Entire Agreement; Amendments. The term "Agreement" as used in this Agreement includes all schedules attached to this Agreement and amendments to this Agreement, if any. This Agreement states the entire agreement between you and us related to the subject matter of this Agreement and fully replaces all prior agreements, representations, or understandings between you and us, whether oral or written, related to the subject matter of this Agreement. Except as otherwise expressly stated in this Agreement, this Agreement may be amended only by a written document signed by you and us. Notwithstanding the foregoing, nothing in this Agreement will disclaim or require you to waive reliance on any representation we make in our most recent FDD (including exhibits and amendments) delivered to you or your representative.

22.3 Operating, Developing, and Changing the System. We have the right to operate, develop, and change the System in any manner that is not specifically prohibited by this Agreement. Whenever we have reserved in this Agreement a right to take or to withhold an action, or to grant or decline to grant you a right to take or omit an action, we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights based on information readily available to us and our judgment of what is in our and/or the System's best interests at the time our decision is made, without regard to either whether we could have made other reasonable or even arguably preferable alternative decisions or whether our decision promotes our financial or other individual interest.

22.4 Survival of Obligations. Each provision of this Agreement that expressly or by reasonable implication is to be performed, in whole or in part, after the expiration, termination, or Transfer of this Agreement will survive such expiration, termination, or Transfer, including, but not limited to, Sections 9 (Intellectual Property), 13.1 (Indemnification), 15 (Confidential Information; Restrictive Covenants), 18 (Obligations on Expiration or Termination), and 19 (Dispute Resolution).

22.5 Applicable Law. Except as provided in Section 15.6 (Modification), this Agreement, including, but not limited to, the making of it, will be governed by, construed and enforced in accordance with the laws of the State of Georgia, including, but not limited to, laws applicable to agreements made and to be entirely performed in Georgia, without giving effect to Georgia's choice of law or conflict of laws principles.

22.6 Severability. If, for any reason, any portion, section, part, term, provision and/or covenant of this Agreement is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such will not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, provisions and/or covenants of this Agreement as may remain otherwise intelligible; and the latter will continue to be given full force and effect and bind the parties to this Agreement; and the invalid portions, sections, parts, terms, provisions and/or covenants will be deemed not to be a part of this Agreement.

22.7 Time. Time is of the essence to this Agreement.

22.8 Construction. The headings in this Agreement are for convenience of reference and are not a part of this Agreement and will not affect the meaning or construction of any of its provisions. Unless otherwise specified, all references to a number of days shall mean calendar days and not business days. The words "**include**," "**including**," and words of similar import shall be interpreted to mean "including, but not limited to" and the terms following such words shall be interpreted as examples of, and not an exhaustive list of, the appropriate subject matter.

22.9 Execution in Counterparts. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, and all of which will constitute one and the same instrument.

22.10 Successors and Assigns. Except as expressly otherwise provided herein, this Agreement is binding upon and will inure to the benefit of the parties and their respective heirs, executors, legal representatives, successors, and permitted assigns.

22.11 Additional Terms; Inconsistent Terms. The parties may provide additional terms by including the terms on Schedule A. To the extent that any terms or provisions on Schedule A are

in direct conflict with the terms or provisions of this Agreement, the terms or provisions on Schedule A shall control.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR:	**FRANCHISEE:**
Schlotzsky's Franchisor SPV LLC a Delaware limited liability company	**«Z1_First_Name»** a «Z1_State_of_Formation» «Z1_Entity_Type»
By:_____ Name: **Tim Goodman** Title: Senior Vice President Franchise Administration	By:_____ Name: Title:
Date: _____	Date:_____

SCHEDULE A

FRANCHISE SPECIFIC TERMS

1. **"Effective Date"** means: _____

2. **"Franchisor"** means: Schlotzsky's Franchisor SPV LLC, a Delaware limited liability company

3. **"Franchisee"** means: «Z1_First_Name», a «Z1_State_of_Formation» «Z1_Entity_Type»«Z2_First_Name»«Z2_Last_Name»«Z3_First_Name»«Z3_Last_Name»«Z4_First_Name»«Z4_Last_Name»«Z5_First_Name»«Z5_Last_Name»

4. **Recital A: "Approved Products"** means sandwiches, pizzas, calzones, soups, salads and other food products, beverage products, and related services we approve.

5. **Recital A:** The **"Primary Mark"** is: If the license type specified on the cover of this Agreement is a "Full" license, the Primary Mark will be: SCHLOTZSKY'S®.

6. **Section 1.1 (Accepted Location):** The Accepted Location means: «store_street_address», «store_city», «store_state» «store_zip». [OR] a location to be determined and added to this Agreement located in the following Site Selection Area: _____.

7. **Section 1.4.A. (Owners of Equity):** Below is a complete list of your Owners and breakdown of your ownership structure:

8. **Section 3.1 (Initial Franchise Fee):** The Initial Franchise Fee shall be equal to **$**_____.

9. **Section 3.2.A. (Royalty Fee):**

   The Royalty Fee shall be 6% of the Net Sales of the Franchised Business, payable each week on the Net Sales of the Franchised Business for the preceding week (or on any other basis stated in the Manuals or in our written notice to you).

10. **Section 3.2.B. (Advertising Contribution):**

    The Advertising Contribution shall be 4% of the Net Sales of the Franchised Business, payable each week on the Net Sales of the Franchised Business for the preceding week (or on any other basis stated in the Manuals or in our written notice to you). We may permanently increase the Advertising Contribution up to an additional 1% (to 5% of Net Sales) by giving you written notice at any time.

11. **Section 4.1 (Reserved Rights):** The following provisions are added to Section 4.1 of the Agreement:

    A. Area of Protection. We grant you a protected territory in which you have certain limited exclusive rights (an **"Area of Protection"**). [Your Area of Protection is: a ___ mile radius from the Accepted Location with the Accepted Location as the center point.] [OR] [We will designate, in our sole discretion, your Area of Protection after we accept the

Proposed Location as the Accepted Location. When we designate the Area of Protection for the Franchised Business, you must sign standard documentation we prepare, which includes a general release, to document the Area of Protection.] If you relocate the Franchised Business pursuant to Section 5.5 (Relocation of the Franchised Business), we will specify an Area of Protection for the new location.

B. Protected Rights. During the Term, we will not establish or operate, nor license any other person to establish or operate, a Business operating under the Marks and the System at any location within the Area of Protection, except in Captive Audience Locations, in Delivery Kitchens, and as otherwise provided in this Agreement. **"Captive Audience Locations"** include limited access and captive audience facilities, concession departments, separate areas, and other types of institutional accounts, which may include (i) airports, bus and railroad terminals, and other public transportation facilities, (ii) sports arenas, stadiums, and facilities, (iii) gasoline service stations, highway rest stops, and travel plazas, (iv) amusement parks or centers, zoos, parks, aquariums, museums, art centers, concert venues, theaters, drive-in theaters, movie theaters, amphitheaters, casinos, and other entertainment or tourist facilities, (v) supermarkets, convenience stores, department stores, outlet malls, and enclosed malls, (vi) food courts, (vii) hospitals and other health care facilities, (viii) universities, schools, and education facilities, (ix) convention centers, (x) military bases, and (xi) office buildings, business complexes, condominiums, dormitories, other high-density locations, and other similar non-restaurant locations. "**Delivery Kitchens**" include kitchens devoted to the preparation of products or Approved Products (often referred to as ghost, dark, or cloud kitchens), which may use the Marks and may deliver to customers located anywhere.

C. Our Reserved Rights. We reserve all rights that we do not expressly grant you in this Agreement. For example, without limitation, we have the following rights, without providing any rights or compensation to you:

(i) We and/or our affiliates may establish or license franchises and/or company-owned businesses offering products or services that are similar or identical to the Approved Products using the System or elements of the System under the Marks or any other marks anywhere outside of the Area of Protection or in Captive Audience Locations inside or outside the Area of Protection.

(ii) We and/or our affiliates may produce and/or sell Approved Products or any other products or services, and authorize others to produce and/or sell Approved Products or any other products or services, using the Marks, the System, and any other marks and/or systems we desire through any alternative channel of distribution located anywhere, including to and through (a) supermarkets, convenience stores, club stores, and other retail facilities not dedicated to the sale of the Approved Products, (b) mail order and e-commerce channels, and (c) Delivery Kitchens.

(iii) We and/or our affiliates may advertise, or authorize others to advertise, using the Marks anywhere, including inside and outside any Area of Protection.

(iv) We and/or our affiliates may acquire, be acquired by, or merge with another entity with existing businesses or franchises that are similar to or

competitive with the Businesses anywhere (including inside and outside the Area of Protection (if any)) and (i) convert the other businesses to be Businesses operating under the Marks and the System (except inside your Area of Protection (if any)), (ii) permit the other businesses to continue to operate under another name anywhere (including inside your Area of Protection (if any)), and/or (iii) permit the businesses to operate under another name and convert your Franchised Business and existing Businesses to such other name.

D. Acknowledgements. You acknowledge that we, our affiliates, and our and their other franchisees may solicit customers in, and service customers who are from, any geographic location we or they desire, including locations within your Area of Protection, and that we, our affiliates, and other franchisees may provide Catering Services and Delivery Services within your Area of Protection.

E. Modification of Area of Protection. If you (i) commit a default that cannot be cured as specified in Section 17.2 (Our Termination: No Opportunity to Cure) or if you fail to cure a default within the cure period specified in Section 17.3 (Our Termination: Opportunity to Cure Within Cure Period) and (ii) we do not exercise our right to terminate the Agreement, we may, at our sole election and upon delivery of written notice to you, temporarily or permanently eliminate or reduce the size of your Area of Protection, in addition to any other remedies specified in Section 17.5 (Our Remedies After Your Default).

12. Section 6.5 (Opening and Development Deadlines):

EVENT	COMPLETION DEADLINE
Site Approval Deadline (Section 6.5.A.)	Within 150 days after the Effective Date
Construction Start Deadline (Section 6.5.B.)	Within 270 days after the Effective Date
Opening Deadline (Section 6.5.C.)	Within 360 days after the Effective Date

13. Section 10.1.C. (Grand Opening Advertising):

Your Grand Opening Obligation is that you must spend (i) $7,500 on grand opening advertising promoting the opening of your Franchised Business within the period beginning 4 weeks before the Opening Date and ending 3 months after the Opening Date, and (ii) $7,500 on grand opening advertising promoting the opening of your Franchised Business within the period beginning 4 months after the Opening Date and ending 12 months after the Opening Date, which expenditure may include prepayments for advertising and marketing that occurs more than 12 months after the Opening Date. If your Franchised Business is the first Business to open in a Designated Market Area, the Grand Opening Obligation in (i) and (ii) in the previous sentence shall be $12,500 each. We may, in our sole discretion, reduce or waive the Grand Opening Obligation if your Franchised Business is located in a Captive Audience Location. We may delay the Opening Date if you have not obtained our written approval of your grand opening advertising plan at least 30 days prior to the Opening Date.

14. Section 10.1.E. (Local Marketing Obligation):

Your Local Marketing Obligation shall be equal to 0.5% of the Net Sales of your Franchised Business per calendar quarter.

15. Section 11.1.A (Required Trainees):

The Required Trainees shall consist of two Managers and any other persons that we designate.

16. Section 11.1.B (Training Fees):

We will provide the Management Training Program at no additional charge for any Required Trainees for the first two Franchised Businesses that you or your affiliates operate. For the third and subsequent Franchised Businesses that you or your affiliates operate, if we require you or you elect to receive the Management Training Program from us or our designee, you must pay us our then-current initial training fee for all of your Required Trainees to attend in a single training session.

17. Section 11.1.D (Completion of Training):

All of your Required Trainees must successfully complete the Management Training Program at least one week before you are scheduled to open your Franchised Business.

18. Section 11.2 (On-Site Training):

Approximately seven days after you obtain the Certificate of Occupancy for your first three Franchised Businesses (including Franchised Businesses owned by your affiliates), we will provide you, at the Franchised Business and at our cost, one or more of our representatives to facilitate the opening of such Franchised Businesses.

19. Section 12.7 (Your Participation; Manager):

Your Franchised Business must employ at least two Managers prior to the Opening Date until the 90th day after the Opening Date and at least one Manager thereafter.

20. Section 13.2 (Required Insurance)

Currently, you must obtain and maintain the following coverage:

A. Comprehensive General Liability Insurance, including Products & Completed Operations coverage with limits not less than $1,000,000 per occurrence and $2,000,000 in the aggregate with a maximum $5,000 deductible per occurrence;

B. Dram Shop Liability (if you serve alcohol) with limits not less than $1,000,000 per occurrence and $2,000,000 in the aggregate;

C. Statutory Workers' Compensation insurance, including employer's liability insurance, with limits not less than $500,000;

D. Automobile Liability insurance with a combined single limit of $1,000,000 for any owned, hired, or non-owned automobile used in connection with the Franchised Business;

E. "Follow Form" Umbrella/Excess Liability Policy with limits not less than $2,000,000 per occurrence and in the aggregate that is in excess of items 1, 2, 3 (employer's liability insurance only), and 4 above;

F. Business Property Insurance that extends coverage on a replacement cost basis for business personal property including electronic equipment, tenant improvements and betterments, and business income and extra expense, with covered causes of loss as "Special" or "All Risk" with coinsurance conditions not less than 80%, and further, if you are in a location that resides in FEMA Flood Zones beginning with the letters "A" or "V", coverage for Flood;

G. Employment Practices Liability insurance, including third-party coverage, with limits not less than $1,000,000 per employee and $1,000,000 per accident;

H. Cyber Liability insurance with limits not less than $1,000,000; and

I. Other insurance required by an applicable state or local authority.

If you obtain a claims made policy, you must provide a tail coverage policy for no less than one year after the expiration or termination of this Agreement or the closure of the Franchised Business, whichever occurs first. The tail coverage limits must be equal to, or greater than, the limits provided in the prior policy.

21. Section 15.4 (Restrictive Covenants):

A "**Competing Product**" includes any products or services that are the same as or similar to any of the Approved Products.

22. Section 20.5 (Notices):

The notice address for the Franchisor shall be:

Schlotzsky's Franchisor SPV LLC, 5620 Glenridge Drive NE, Atlanta, Georgia 30342, Attention: Legal Department

The notice address for the Franchisee shall be: «C1_contact_street», «C1_contact_city», «C1_contact_state» «C1_contact_zip».

23. Section 22.11 (Additional Terms; Inconsistent Terms): The following additional terms amend the applicable Sections of the Agreement:

A. **Section 1.4.B. (Primary Contact)** is amended by adding the following:

Your Primary Contact must: (i) directly supervise the operations of the Franchised Business and the other Franchised Businesses operated by you; (ii) hold a direct or indirect, legal, or beneficial interest of 5% or more in your Entity; and (iii) be accepted by us. We reserve the right, in our sole discretion, to accept a Primary Contact proposed by you who does not satisfy (ii) in the previous sentence if such proposed Primary Contact (a) holds a direct or indirect, legal or beneficial interest

in your Entity and (b) you have a written agreement that provides for a means that such Primary Contact will increase such interest to 5% or more in your Entity.

B. **Section 3.2 (Ongoing Fees)** is amended by adding the following provisions as a new Section 3.2.D. and 3.2.E:

E. Marketing-Technology Fee. You must pay to us, or a third party that we designate, a marketing-technology fee in the amount and at the times that we specify for various marketing and technology services that we will provide or arrange for third parties to provide, such as services related to manager and employee e-learning management systems, e-mail marketing, mobile applications, online and catering ordering platforms, and order management (a **"Mar-Tech Fee"**). We may modify the fee and payment due dates periodically by providing you with written notice of any change at least 90 days prior to the change taking effect. We periodically may add, delete, or otherwise modify the products and services that are included in the Mar-Tech Fee. This fee may also be used to pay for a portion of the expenses for some of the services that are partially funded through the Ad Fund. We may include in the Mar-Tech Fee our administrative expenses related to procuring or providing these services.

C. **Section 10.4 (Advertising Cooperatives)** is hereby deleted and replaced with the following Section 10.4 (Local Advertising Groups):

10.4 Local Advertising Groups. We have the right, in our sole discretion, to designate geographic areas (which may be based on television markets) or to group together areas or Businesses having similar characteristics and similar advertising and marketing needs in order to establish advertising cooperatives (which we refer to as **"Advertising Cooperatives," "Local Advertising Groups"** or **"LAGs"**) to assist with local and regional advertising and marketing programs. You will become a member of the LAG designated for the location of the Franchised Business, if any, even if you are the only member. If we collect your entire Local Marketing Obligation (as defined below), we will not require you to participate in a LAG. You will comply with the rules and procedures for your LAG, including participating in and contributing funds to any promotional program required by majority vote of the members of the LAG. Your LAG will determine the amount of any contribution that you must make directly to the LAG (**"Member Contribution"**). Any Member Contributions that you make shall be additional to your Advertising Contribution as specified in Section 3.2.B. (Advertising Contribution) and your Grand Opening Obligation as specified in Section 10.1.C. (Grand Opening Advertising). We may make voluntary contributions to LAGs, from the Advertising Contribution or other sources, in our sole discretion. Each LAG will be organized and governed in a form and manner, and will begin operations on a date, we approve in advance in writing. You must comply with the rules and procedures for your LAG to receive and/or use the LAG funds. We will have the right to direct a LAG to modify its governing documents, to cease operations, and to modify the geographic area of a LAG or require a LAG to merge with another LAG. We will not dissolve a LAG until all of its monies have been spent. LAGs must submit to us for our approval, before use, copies of all proposed advertising and promotional materials. We may manage a LAG's funds, either at the given LAG's request or upon written notice to members of the LAG.

D. **Section 11.1.C (Attending Trainees)** is amended by adding the following:

Your Required Trainees must attend the Management Training Program within twelve weeks of the scheduled Opening Date. If your Franchised Business opens more than twelve weeks after your Required Trainees complete the Management Training Program, we may require them to attend an additional training course.

E. **Section 11.1.G (Training by You)** is amended by adding the following:

To be designated as a Certified Training Business, in addition to the conditions specified in Section 11.G, you must operate three or more Franchised Businesses and employ at least two Managers, in addition to a Certified Management Trainer, at the Franchised Business.

[SCHEDULE A SIGNATURE PAGE FOLLOWS]

Signature Page for Schedule A (Franchise Specific Terms)

FRANCHISOR:

Schlotzsky's Franchisor SPV LLC
a Delaware limited liability company

By:_____
Name: **Tim Goodman**
Title: Senior Vice President
Franchise Administration

Date: _____

FRANCHISEE:

«Z1_First_Name»
a «Z1_State_of_Formation» «Z1_Entity_Type»

By:_____
Name:
Title:

Date:_____

SCHEDULE B

PERSONAL COVENANTS

All Persons Having an Equity Interest in Franchisee Must Sign

Each undersigned ("**you**") agrees that:

1. All capitalized terms used but not defined in these Personal Covenants will have the meaning stated in the Franchise Agreement between Schlotzsky's Franchisor SPV LLC, a Delaware limited liability company ("**we**," "**us**," or "**our**"), and «Z1_First_Name», a «Z1_State_of_Formation» «Z1_Entity_Type»«Z2_First_Name»«Z2_Last_Name»«Z3_First_Name»«Z3_Last_Name»«Z4_First_Name»«Z4_Last_Name»«Z5_First_Name»«Z5_Last_Name», jointly and severally ("**Franchisee**") (the "**Franchise Agreement**").

2. You are the owner of an equity interest in Franchisee and as such you expect to or will gain a direct personal benefit from the Franchise Agreement. You acknowledge that you have read and understand your obligations under the Franchise Agreement.

3. As an inducement to us to enter into the Franchise Agreement, and in consideration of the direct and personal benefits you will derive from the Franchise Agreement, you agree that: (i) you have read and understand all the provisions of Section 15 (Confidential Information; Restrictive Covenants) of the Franchise Agreement; (ii) you will be personally bound by all of the obligations and covenants of Franchisee in Section 15 of the Franchise Agreement as if the obligations and covenants were made and given personally by you directly to us; and (iii) the obligations and covenants are fair and reasonable and will not deprive you of your livelihood.

4. If any term in these Personal Covenants or in Section 15 of the Franchise Agreement must be interpreted by a court or an arbitrator of competent jurisdiction, you agree that: (i) these Personal Covenants are made freely and voluntarily by you, an experienced businessperson, in an arms-length commercial transaction; (ii) these Personal Covenants or Section 15 of the Franchise Agreement should not be construed in the same manner or under the same body of law as analogous terms in a contract of employment; (iii) if a court or arbitrator finds that any term in these Personal Covenants or Section 15 of the Franchise Agreement is invalid or unenforceable for any reason, that term will automatically be modified to the minimum extent necessary to make it valid and enforceable, and the modification will be deemed to have been a part of these Personal Covenants or Section 15 of the Franchise Agreement as of the date you sign these Personal Covenants or the Effective Date of the Franchise Agreement, whichever is later; (iv) the court or arbitrator should strictly construe these terms in favor of enforcement; and (v) if any term could be construed two ways, one of which would render the term valid and the other of which would render the term invalid, the court or arbitrator will construe the term in the manner that renders it valid.

5. These Personal Covenants will be governed by the choice of law provisions set forth in Sections 15.6 (Modifications) and 22.5 (Applicable Law) of the Franchise Agreement.

The undersigned sign and deliver these Personal Covenants as of the date stated below their signatures:

«C1_contact_first_name»
«C1_contact_last_name»
a «C1_contact_state» resident

X _____

Date:_____

«G1_first_name» «G1_last_name»
a «G1_state» resident

X _____

Date:_____

«G2_first_name» «G2_last_name»
a «G2_state» resident

X _____

Date:_____

«G3_first_name» «G3_last_name»
a «G3_state» resident

X _____

Date:_____

«G4_first_name» «G4_last_name»
a «G4_state» resident

X _____

Date:_____

SCHEDULE C

GUARANTY OF PAYMENT AND PERFORMANCE

THIS GUARANTY (the **"Guaranty"**) is made by the undersigned individuals (whether one or more, jointly and severally, the **"Guarantor"**), in favor of Schlotzsky's Franchisor SPV LLC, a Delaware limited liability company (**"Franchisor"**).

A. Franchisor and **«Z1_First_Name»**, a «Z1_State_of_Formation» «Z1_Entity_Type»**«Z2_First_Name»«Z2_Last_Name»«Z3_First_Name»«Z3_Last_Name»«Z4_First_Name»«Z4_Last_Name»«Z5_First_Name»«Z5_Last_Name»** ("**Franchisee"**) are parties to a Franchise Agreement (the **"Franchise Agreement"**).

B. Guarantor is an owner of Franchisee and anticipates benefitting from the operation of a franchise pursuant to the Franchise Agreement. Guarantor is, therefore, willing to sign this Guaranty. Guarantor acknowledges having read and understood the terms and conditions of the Franchise Agreement.

C. Franchisor would not have agreed to enter into the Franchise Agreement without this Guaranty.

Guarantor and Franchisor agree as follows:

1. Guaranty. Guarantor guarantees to Franchisor and its successors and assigns the following obligations (collectively, the **"Obligations"**): (i) the full and prompt payment and performance of all Franchisee's and its owners', officers', directors', agents' and employees' obligations to Franchisor under the Franchise Agreement, any amendment to the Franchise Agreement or any other agreement between Franchisee and Franchisor; and (ii) the full and prompt payment or reimbursement of all amounts, costs, expenses, claims, liabilities, or obligations Franchisor incurs under the Franchise Agreement. Guarantor agrees that if Franchisee does not make payments under the Franchise Agreement when due or perform any obligations required of it in accordance with the Franchise Agreement or satisfy any Obligations Franchisor incurs related to any of them, Guarantor will make the payments and reimbursements and cause the obligations to be performed within 5 days of Franchisor's notice to Guarantor. If there is more than one Guarantor, all the terms in this Guaranty are joint and several.

2. Payment. If Franchisee defaults under the Franchise Agreement, Franchisor may proceed directly against any or each Guarantor without first proceeding against or notifying Franchisee and without proceeding against any other Guarantor.

3. Waivers by Guarantor. Guarantor waives (i) all rights to payments and claims for reimbursement or subrogation that each Guarantor may have against Franchisee arising as a result of the Guarantor's execution of and performance under this Guaranty, for the express purpose that no Guarantor shall be deemed a "creditor" of Franchisee under any applicable bankruptcy law with respect to Franchisee's obligations to Franchisor; (ii) all rights to require Franchisor to proceed against Franchisee for any Obligation, proceed against or exhaust any security from Franchisee, take any action to assist any Guarantor in seeking reimbursement or subrogation in connection with this Guaranty or pursue, enforce or exhaust any remedy, including any legal or equitable relief, against Franchisee; (iii) any benefit of, any right to participate in, any security now or hereafter held by Franchisor; and (iv) acceptance and notice of acceptance by Franchisor of the Guarantor's Obligations under this Guaranty, all presentments, demands and

notices of demand for payment of any indebtedness or non-performance of any Obligations hereby guaranteed, protest, notices of dishonor, notices of default to any party with respect to the indebtedness or nonperformance of any Obligations guaranteed by Guarantors, and any other notices and legal or equitable defenses to which a Guarantor may be entitled. Franchisor shall have no present or future duty or obligation to the Guarantors under this Guaranty, and each Guarantor waives any right to claim or assert any such duty or obligation, to discover or disclose to any Guarantor any information, financial or otherwise, concerning Franchisee, any Guarantor, or any collateral securing any Obligations of Franchisee to Franchisor. Without affecting the Obligations of Guarantor under this Guaranty, Franchisor may, without notice to any Guarantor, (a) extend, modify, supplement, waive strict compliance with, or release all or any provisions of the Franchise Agreement or any indebtedness or Obligation, (b) settle, adjust, release, or compromise (including if made in or out of court on receivership, liquidation, bankruptcy, reorganization, arrangement, or assignment for the benefit of creditors) any claims against Franchisee or any Guarantor, (c) make advances for the purpose of performing any Obligations, or (d) assign the Franchise Agreement or the right to receive any sum payable under the Franchise Agreement, and the Guarantors each hereby jointly and severally waive notice of same.

4. No Waiver by Franchisor. Franchisor's delay or failure to exercise of any right or remedy will not operate as a waiver thereof, and no single or partial exercise by Franchisor of any right or remedy will preclude any further exercise thereof or the exercise of any other right or remedy.

5. Consent to Jurisdiction. Guarantor: (i) submits to personal jurisdiction in Georgia for the enforcement of this Guaranty; and (ii) waives all personal rights under the laws of Georgia or of any state to object to jurisdiction within Georgia for litigation related to this Guaranty, regardless of any present or future domicile of Guarantor, Franchisee, or Franchisor.

6. Governing Law. This Guaranty is to be construed under and governed by the law of the State of Georgia without regard to Georgia, or any other, choice of law or conflicts of law principles. If any provision of this Guaranty would not be enforceable under the laws of Georgia, and if the business franchised under the Franchise Agreement is located outside of Georgia and the provision would be enforceable under the laws of the state in which the franchised business is located, then that provision, and only that provision, will be interpreted and construed under the laws of that state. Nothing in this Guaranty is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant," unfair competition, fiduciary, or other doctrine of law of Georgia or any other state.

7. Dispute Resolution**.** Section 19 (Dispute Resolution) of the Franchise Agreement is hereby incorporated herein by reference and will be applicable to any all disputes between Franchisor and any of the Guarantors, as though Guarantor were the "Franchisee" referred to in the Franchise Agreement.

8. Notices. Any notice under this Agreement must be in writing and is deemed delivered: (i) 1 business day after being sent by commercial courier service for next business day delivery; or (ii) 5 days after being deposited in the United States mail for certified or registered delivery, return receipt requested, postage prepaid. Notice to Franchisor will be addressed to: Legal Department, Schlotzsky's Franchisor SPV LLC, 5620 Glenridge Drive NE, Atlanta, Georgia 30342. Notice to Guarantor will be addressed to the address stated below his or her signature at the end of this Guaranty. The addresses for notices may be changed at any time by either party by written notice given to the other party as provided in this Section.

9. Successors and Assigns. The provisions of this Guaranty will bind Guarantor and Guarantor's respective heirs and personal representatives and will benefit Franchisor and its respective successors and assigns. Guarantor will not assign this Guaranty without Franchisor's prior written consent. Guarantor's death will not terminate this Guaranty and the same will be enforceable against Guarantor's estate. This Guaranty will continue in full force and effect and remain enforceable against each Guarantor if Franchisee or any owner of Franchisee transfers any interest in the Franchise Agreement or Franchisee.

10. Severability. To the extent that any provision of this Guaranty would violate any applicable usury statute or any other applicable law, the Obligations will be reduced to the limit legally permitted, but the Obligation will be fulfilled to the limit of its legal validity. The provisions of this Section will control every other provision of this Guaranty.

11. No Release. The cessation of or release from liability of any Guarantor will not relieve any other Guarantor from liability under this Guaranty or the Franchise Agreement, except to the extent that the default has been remedied or monies owed have been paid.

12. Survival. Guarantor agrees that the Obligations survive the termination of the Franchise Agreement.

IN WITNESS WHEREOF, Guarantor has signed and delivered this Guaranty as of the date stated below Guarantor's signature.

X _____
«C1_contact_first_name» «C1_contact_last_name»
a «C1_contact_state» resident

Date: _____
Address:
_____
_____
_____
_____

X _____
«G1_first_name» «G1_last_name»
a «G1_state» resident

Date: _____
Address:
_____
_____
_____
_____

X _____
«G2_first_name» «G2_last_name»
a «G2_state» resident

Date: _____
Address:
_____
_____
_____
_____

X _____
«G3_first_name» «G3_last_name»
a «G3_state» resident

Date: _____
Address:
_____
_____
_____
_____

X _____
«G4_first_name» «G4_last_name»
a «G4_state» resident

Date: _____
Address:
_____
_____
_____

SCHEDULE D

STATE LAW ADDENDUM

(If Required)

CALIFORNIA ADDENDUM
TO FRANCHISE AGREEMENT

In recognition of the requirements of the California Franchise Investment Law §§ 31000 through 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 through 20043, the Franchise Agreement, for franchises offered and sold in the State of California or to California residents, is amended to include the following:

1. Section 16.3.I. of the Franchise Agreement is amended by adding the following punctuation and language at the end of such sections, before the period: "; provided, however, this release will not apply to claims as you may have under the California Franchise Investment Law and the California Franchise Relations Act."

2. If any of the provisions of the Franchise Agreement concerning termination are inconsistent with either the California Franchise Relations Act or the Federal Bankruptcy Code (concerning termination of the Agreement on certain bankruptcy-related events), then the Federal Bankruptcy Code applies.

3. The Franchise Agreement is governed by Georgia law. This requirement may be unenforceable under California law.

4. The Franchise Agreement requires binding arbitration. The arbitration will occur at the offices of our principal place of business or another suitable location chosen by us in the city where our headquarters is then located, with the prevailing party's costs and expenses to be borne by the other party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California. This provision may not be enforceable under California law.

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

6. You must sign a general release if you renew or transfer your franchise. California Corporations Code § 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§ 31000 through 31516). California Business and Professions Code § 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§ 20000 through 20043).

7. The Franchise Agreement requires that any litigation be conducted in the state of our principal place of business. This provision may not be enforceable under California law.

[Copy Signature Block From Franchise Agreement]

HAWAII ADDENDUM
TO FRANCHISE AGREEMENT

In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, et seq., the Franchise Agreement, for franchises offered and sold in the State of Hawaii or to Hawaii residents, is amended to include the following:

1. Section 16.3.I. of the Franchise Agreement is amended by adding the following punctuation and language at the end of the section, before the period: "; provided, however, this release will not apply to claims as you may have under the Hawaii Franchise Investment Law. "

2. Section 20 (Miscellaneous) of the Franchise Agreement is supplemented by the addition of the following Section, which is considered an integral part of the Agreement:

   20.8 The general release language in this Agreement will not relieve us or any other person, directly or indirectly, from liability imposed by the Hawaii Franchise Investment Law.

3. The Hawaii Franchise Investment Law provides rights to you on nonrenewal, termination and transfer of the Agreement. If any of the provisions of the Franchise Agreement on termination are inconsistent with the Hawaii Franchise Investment Law, then this will apply.

[Copy Signature Block From Franchise Agreement]

ILLINOIS ADDENDUM
TO FRANCHISE AGREEMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, Ill. Comp. Stat. §§ 705/1 through 705/44, the Franchise Agreement, for franchises offered and sold in the State of Illinois or to Illinois residents, is amended to include the following:

1. The provisions of the Franchise Agreement on governing law, jurisdiction, and choice of law will not be a waiver of any right conferred on you by the Illinois Franchise Disclosure Act. Illinois law will govern the Franchise Agreement with respect to Illinois franchisees. Consistent with the foregoing, any provision in the Franchise Agreement that designates jurisdiction and venue in a forum outside of Illinois is void with respect to any cause of action that is otherwise enforceable in Illinois.

2. 815 ILCS § 705/41 (Illinois Franchise Disclosure Act) states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void."

3. Section 21.1 (Your Acknowledgements) is deleted from all Illinois Franchise Agreements.

[Copy Signature Block From Franchise Agreement]

INDIANA ADDENDUM
TO FRANCHISE AGREEMENT

In recognition of the requirements of the Indiana Deceptive Franchise Practices Law, Indiana Code §§ 23-2-2.7-1 through 23-2-2.7-10, and the Indiana Franchise Disclosure Law, Indiana Code §§ 23-2-2-2.5-1 through 23-2-2-2.5-51, the Franchise Agreement, for franchises offered and sold in the State of Indiana or to Indiana residents, is amended to include the following:

1. The laws of the State of Indiana supersede any provisions of the Franchise Agreement, or Georgia law if these provisions are in conflict with Indiana law. The Franchise Agreement will be governed by Indiana law, rather than Georgia law as stated in Section 22.5 (Applicable Law) of the Franchise Agreement.

2. Venue for litigation will not be limited to Georgia, as specified in Section 19.1 (Dispute Resolution) of the Franchise Agreement.

3. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as "a material breach of the franchise agreement," will supersede the provisions of Section 17 (Default and Termination) of the Franchise Agreement in the State of Indiana to the extent they may be inconsistent with this prohibition.

4. No release language stated in the Franchise Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws on franchising of the State of Indiana.

5. Section 15.4.B. (Post-Term) of the Franchise Agreement is revised to limit the geographical extent of the post-term covenant not to compete to an area of reasonable size for all franchises sold in the State of Indiana.

6. Section 15.5 (Remedies) of the Franchise Agreement will not apply to franchises offered and sold in the State of Indiana.

7. Notwithstanding the terms of Section 4 (Territorial Rights) of the Franchise Agreement, we will not compete unfairly with you within a reasonable area.

[Copy Signature Block From Franchise Agreement]

INDIANA ADDENDUM
TO PERSONAL COVENANTS AGREEMENT

Notwithstanding anything to the contrary stated in the Personal Covenants Agreement, the following provisions will supersede and apply:

1. The Personal Covenants Agreement is revised to limit the geographical extent of the covenant not to compete to an area of reasonable size for all franchises sold in the State of Indiana.

[Copy Signature Block From Franchise Agreement]

MARYLAND ADDENDUM
TO FRANCHISE AGREEMENT

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§ 14-201 through 14-233, the Franchise Agreement, for franchises offered and sold in the State of Maryland or to Maryland residents, is amended to include the following:

1. No release language required by Section 2.2.B(iii) (Conditions for Renewal Term) of the Franchise Agreement (concerning conditions precedent to renewal), or Section 16.3.I. (Control Transfer) of the Franchise Agreement (concerning conditions precedent to transfer), will relieve us or any other person, directly or indirectly, from liability imposed by the Maryland Franchise Registration and Disclosure Law.

2. Section 3.1 (Initial Franchise Fee) of the Franchise Agreement is amended as follows:

   Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Franchise Agreement. If a franchisee signs a Multi-Unit Addendum to a Franchise Agreement, all initial fees and payments owed by such franchisee under each of the Franchise Agreements that is subject to the Multi-Unit Addendum shall be deferred until the franchisor completes its pre-opening obligations under the applicable Franchise Agreement.

3. You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Section 20.3 (General Release) of the Franchise Agreement is amended to include the following:

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

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

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

[Copy Signature Block From Franchise Agreement]

MINNESOTA ADDENDUM
TO FRANCHISE AGREEMENT

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the Franchise Agreement, for franchises offered and sold in the State of Minnesota or to Minnesota residents, is amended to include the following:

1. Section 9 (Intellectual Property) of the Franchise Agreement is amended by adding the following language:

   9.8. The Minnesota Department of Commerce requires that we indemnify you against liability to third parties resulting from claims by third parties that your use of our trademark infringes trademark rights of the third party. We do not indemnify against the consequences of your use of our trademark except in accordance with the requirements of the Agreement, and, as a condition to indemnification, you must provide notice to us of any claim within 10 days and tender the defense of the claim to us. If we accept the tender of defense, we have the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

2. Any general release language contained in the Franchise Agreement will not relieve us or any other person, directly or indirectly, from liability imposed by the Minnesota Franchises Law.

3. Section 16.3.I. of the Franchise Agreement is amended by adding the following punctuation and language at the end of this section, before the period: "; provided, however, this release will not apply to claims as you may have under the Minnesota Franchises Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce."

4. Section 16 (Transfer) of the Franchise Agreement will be supplemented by adding of the following as Section 16.11 of the Franchise Agreement, which will be considered an integral part of the Franchise Agreement:

   Minnesota law provides you with certain transfer rights. In sum, Minn. Stat. § 80C.14 (subd. 5) currently requires, except in certain specified cases, that consent to the transfer of the Franchise not be unreasonably withheld.

5. Section 17 (Default and Termination) of the Franchise Agreement will be supplemented by adding the following as Section 17.6 of the Franchise Agreement, which will be considered an integral part of the Franchise Agreement:

   Minnesota law provides you with certain termination rights. In sum, Minn. Stat. § 80C.14 (subds. 3 and 5) currently requires, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of nonrenewal of this Agreement, and that consent to the transfer of the Franchise not be unreasonably withheld.

6. Section 19.4 (Limitation of Claims) of the Franchise Agreement is amended by adding the following language:

Notwithstanding the foregoing, any and all claims arising under the Minnesota Franchises Law may be brought within 3 years from the date on which the cause of action accrues.

7. Section 20 (Miscellaneous) of the Franchise Agreement will be supplemented by the addition of the following Sections, which will be considered an integral part of the Agreement:

20.8 The general release language contained in this Agreement will not relieve us or any other person, directly or indirectly, from liability imposed by the Minnesota Franchise Investment Law.

20.9 Minn. Stat. Sec 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. Nothing in the Franchise Disclosure Document or this Agreement can abrogate or reduce any of your rights provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

[Copy Signature Block From Franchise Agreement]

NEW YORK ADDENDUM
TO FRANCHISE AGREEMENT

In recognition of the requirements of the General Business Law of the State of New York, Article 33, Sections 680 through 695, the Franchise Agreement, for franchises offered and sold in the State of New York or to New York residents, is amended to include the following:

1. Sections 2.2.B(iii) (Conditions for Renewal Term), 16.3.I. (Control Transfer), and 20.3 (General Release) of the Franchise Agreement, are amended to add the following language immediately following the requirement that you sign a General Release:

   Provided, however, that all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force; it being the intent of this proviso that the non-waiver provisions of GBL, Section 687.4 and 687.5 be satisfied.

2. Section 17.1 (Your Termination and Notice of Our Breach) is amended to add the following sentence at the end of the Section:

   Notwithstanding the foregoing, you may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

3. Section 22.5 (Applicable Law) of the Franchise Agreement is amended to add the following sentence at the end of the Section:

   The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

[Copy Signature Block From Franchise Agreement]

NORTH DAKOTA ADDENDUM
TO FRANCHISE AGREEMENT

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Franchise Agreement, for franchises offered and sold in the State of North Dakota or to North Dakota residents, is amended to include the following:

1. Any general release language contained in the Franchise Agreement will not relieve us or any other person, directly or indirectly, from any liability imposed by the North Dakota Franchise Investment Law.

2. Section 15.4 (Restrictive Covenants) of the Franchise Agreement is amended by adding the following: “Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."

3. Section 16.3.I. of the Franchise Agreement is amended by adding the following punctuation and language at the end of this section, before the period: "; provided, however, this release will not apply to claims as you may have under the North Dakota Franchise Investment Law."

4. The third sentence of Section 19.1.A. (Arbitration) is deleted.

5. Section 19.4 (Limitation of Claims) of the Franchise Agreement is modified to state that the statute of limitations under North Dakota Law will apply.

6. Section 19.5 (Waiver of Jury Trial) of the Franchise Agreement is deleted.

7. The provisions of the Franchise Agreement on governing law, jurisdiction, and choice of law will not be a waiver of any right conferred on you by the North Dakota Franchise Investment Law.

[Copy Signature Block From Franchise Agreement]

RHODE ISLAND ADDENDUM
TO FRANCHISE AGREEMENT

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the Franchise Agreement, for franchises offered and sold in the State of Rhode Island or to Rhode Island residents, is amended to include the following:

1. Section 19-28.1.-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

[Copy Signature Block From Franchise Agreement]

WASHINGTON ADDENDUM
TO FRANCHISE AGREEMENT

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, the Franchise Agreement, for franchises offered and sold in the State of Washington, is amended to include the following:

1. If any of the provisions in the franchise Disclosure Document or the Franchise Agreement, are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over the inconsistent provisions with regard to any franchise sold in Washington.

2. In any arbitration involving a franchise purchased in Washington, the arbitration site will be either in Washington or in a place as mutually agreed on at the time of the arbitration, or as determined by the arbitrator.

3. A release or waiver of rights you sign will not include rights under the Act except when executed pursuant to a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those that unreasonably restrict or limit the statute of limitations period for claims under the Act, and rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

4. The State of Washington has a statute, RCW 19.100.180 that may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your franchise. There also may be court decisions that may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your franchise.

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

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

7. Chapter 49.62 RCW limits the use of noncompetition agreements and may supersede the Franchise Agreement's noncompetition provisions. Washington law provides as follows: (1) an employee non-compete covenant is unenforceable unless the employee's annual earnings exceed $100,000 (an amount that will be adjusted annually); (2) an independent contractor non-compete covenant is unenforceable unless the independent contractor's annual earnings exceed $250,000; (3) a presumption is created that any non-compete covenant with a duration longer than 18 months is unreasonable and unenforceable; and (4) any contractual provision that requires an employee to adjudicate a noncompetition covenant outside of Washington State is void and unenforceable.

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

[Copy Signature Block From Franchise Agreement]

SCHEDULE E

MULTI-UNIT ADDENDUM

(If Offered)

MULTI-UNIT ADDENDUM

This Multi-Unit Addendum (the "**MU Addendum**") is signed as of _____ between Schlotzsky's Franchisor SPV LLC ("**we**" or "**us**") and **«Z1_First_Name»**, a «Z1_State_of_Formation» «Z1_Entity_Type»**«Z2_First_Name»«Z2_Last_Name»«Z3_First_Name»«Z3_Last_Name»«Z4_First_Name»«Z4_Last_Name»«Z5_First_Name»«Z5_Last_Name»** ("**you**").

BACKGROUND:

A. We and you entered into franchise agreements of even date with this MU Addendum listed in Appendix A attached hereto, whereby we granted and you accepted licenses to operate Franchised Businesses to be located within the Site Selection Areas listed in Appendix A (the "**MUA Franchise Agreements**"). (All capitalized terms in this MU Addendum shall have the meaning assigned to them in the MUA Franchise Agreements, unless otherwise defined in this MU Addendum.)

B. It is intended that you will develop and open the Franchised Businesses licensed under the MUA Franchise Agreements (the "**MUA Businesses**") in accordance with the terms of the MUA Franchise Agreements as amended by this MU Addendum.

NOW THEREFORE, in consideration of the promises contained herein and for other good and valuable consideration, the parties agree as follows:

1. Initial Franchise Fees. You must pay us all of the Initial Franchise Fees under each of the MUA Franchise Agreements in a lump sum upon execution of the MUA Franchise Agreements. We have no obligation to refund any portion of the Initial Franchise Fees to you, even if this Addendum or any of the MUA Franchise Agreements are terminated and/or you fail to develop one or more of the MUA Businesses.

2. Site Selection Areas. You acknowledge that you do not have any exclusive or protected rights with respect to the Site Selection Areas listed on Appendix A. Among other rights that we reserve, we may open and operate, or license third parties to open and operate, Businesses using the Marks and the System anywhere.

3. Opening and Development Deadlines. The Site Approval Deadline, the Construction Start Deadline, and the Opening Deadline set forth in Section 15 of Schedule A of each MUA Franchise Agreements is hereby amended by deleting such deadlines and replacing them with the deadlines set forth in Appendix B attached hereto. The amended schedule of deadlines shall be referred to herein as the "**Development Schedule**."

4. Requests for Extensions. If you are diligently working to comply with the Development Schedule and are still unable to meet one or more deadline therein, you may request an extension before the expiration of such applicable deadline(s). We have the right to require you to pay a $2,500 extension fee for each extended deadline, if we agree to modify (or if you miss) any of the deadlines. We are not obligated to extend any deadlines.

5. Termination of MUA Franchise Agreements. If you (i) fail to comply with any of the deadlines set forth in the Development Schedule and we have not granted an extension of such deadline(s) or (ii) any other agreement between you and us or our affiliates is terminated, we may, in our sole discretion, terminate this Addendum and/or any or all of the remaining MUA Franchise

Agreements for which you have not yet opened a MUA Business. For the avoidance of doubt, if you fail to comply with any of the deadlines set forth in the Development Schedule, such default shall not be grounds for us to terminate any MUA Franchise Agreements that are in effect for Franchised Businesses that are already open and operating at the time of such default.

6. Confidential Information. This MU Addendum and the terms contained herein are deemed Confidential Information under the terms of the MUA Franchise Agreements.

7. Effect of MU Addendum. In the event of any inconsistency between the terms of the MUA Franchise Agreements and the terms of this MU Addendum, the terms of this MU Addendum will supersede and control. In all other respects, the terms of the MUA Franchise Agreements are ratified and confirmed.

IN WITNESS WHEREOF, each of the undersigned has executed this MU Addendum under seal as of the date listed above.

FRANCHISOR:	**FRANCHISEE:**
Schlotzsky's Franchisor SPV LLC a Delaware limited liability company	**«Z1_First_Name»** a «Z1_State_of_Formation» «Z1_Entity_Type»
By:_____ Name: **Tim Goodman** Title: Senior Vice President Franchise Administration	By:_____ Name: Title:
Date: _____	Date:_____

Appendix A
To the Multi-Unit Addendum

MUA Franchise Agreements

Unit Number	Site Selection Area

Appendix B
To the Multi-Unit Addendum

DEVELOPMENT SCHEDULE

The first MUA Business to satisfy the requirements of the Site Approval Deadline shall be subject to the deadlines listed below for the 1st MUA Business. The second MUA Business to satisfy the requirements of the Site Approval Deadline shall be subject to the deadlines listed below for the 2nd MUA Business, and so on. If you fail to satisfy any of the required development milestones by a specified deadline (including having the minimum number of Sites for MUA Businesses approved by each Site Approval Deadline), we shall have the right to terminate the MU Addendum and the related MUA Franchise Agreements for unopened Franchised Businesses in accordance with Section 5 of the MU Addendum.

MUA Business Under Development	Site Approval Deadline (Section 6.5.A. of the MUA Agreements)	Construction Start Deadline (Section 6.5.B. of the MUA Agreements)	Opening Deadline (Section 6.5.C. of the MUA Agreements)
1st MUA Business			
2nd MUA Business			
3rd MUA Business			
4th MUA Business			
5th MUA Business			
6th MUA Business			
7th MUA Business			
8th MUA Business			
9th MUA Business			
10th MUA Business			

EXHIBIT C

OTHER AGREEMENTS

GENERAL RELEASE – ASSIGNMENT/RENEWAL

To all to whom these Presents shall come or may Concern, Know «Seller1_Name»«Seller2_Name»«Seller3_Name», an individual(s) domiciled in the State of «Store_State» as RELEASOR, in consideration of the consent of SCHLOTZSKY'S FRANCHISOR SPV LLC to the Assignment or Renewal of the Schlotzsky's Franchise Agreement between RELEASOR and SCHLOTZSKY'S FRANCHISOR SPV LLC (the "Franchise Agreement") to «Combined_All_Franchise_Names», and other good and valuable consideration, hereby releases and discharges SCHLOTZSKY'S FRANCHISOR SPV LLC and its affiliates and its and their respective parents, subsidiaries, officers, directors, shareholders, members, managers, agents, attorneys, representatives, contractors and employees, and the respective successors, assign, executors, administrators and heirs of the foregoing (collectively, the "RELEASEE PARTIES") from all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law, admiralty or equity, which against the RELEASEE PARTIES or any of them, the RELEASOR and its affiliates and its and/or their successors and assigns ever had, now have or hereafter can, shall or may have, on or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this RELEASE, including, without limitation, claims arising under federal, state and local laws, rules and ordinances. This General Release is not intended as a waiver of those rights of the undersigned which cannot be waived under applicable state franchise laws nor is it intended to relieve SCHLOTZSKY'S FRANCHISOR SPV LLC or any of the RELEASEE PARTIES, directly or indirectly, from liability imposed by the Maryland Franchise Registration and Disclosure Law. This General Release shall survive the assignment or renewal of the Schlotzsky's Franchise Agreement or any other documents entered into by and between SCHLOTZSKY'S FRANCHISOR SPV LLC and any of the undersigned in connection with the franchise relationship.

Whenever the text hereof requires, the use of singular number shall include the appropriate plural number as the text of the within instrument may require.

This RELEASE may not be changed orally.

IN WITNESS WHEREOF, the RELEASOR (if an individual) *has executed this RELEASE*, and (if a corporation) has *caused this RELEASE to be executed by a duly authorized officer and its corporate seal to be hereunto affixed on* _____, _____.

RELEASOR

[SEAL]

By_____
«Seller1_Name»

ACKNOWLEDGMENT FOR INDIVIDUAL RELEASOR

STATE OF _____

ss.:

COUNTY OF _____

On _____,_____ before me _____,

personally came «Seller1_Name»«Seller2_Name»«Seller3_Name», to me known, who, by me duly sworn, did depose and say that deponent(s) reside(s) at «Seller1_Address»«Seller2_Address»«Seller3_Address» , and known to me to be the same person whose name(s) is signed to the foregoing RELEASE, and acknowledged the execution thereof for the uses and purposes therein set forth.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

Notary Public

_____

My Commission expires: _____

(NOTARIAL SEAL)

By:
_____L.S.
Name: «Signee_3_name»
Title: «Signee_3_title»

Date: _____

By:
_____L.S.
Name: «Signee_4_name»
Title: «Signee_4_title»

Date: _____

THE COCA-COLA COMPANY
SCHLOTZSKY'S FRANCHISEE PARTICIPATION AGREEMENT

1. PARTIES

The parties to this Agreement are Customer and Company.

2. DEFINITIONS

Capitalized terms are defined in **Exhibit 2**.

3. COVERED OUTLETS

The Agreement will apply to all Covered Outlets. If any Covered Outlet is eligible for an alternate marketing or funding program offered directly or indirectly by Company or any of its subsidiaries or authorized bottlers, Company in its sole discretion will determine which marketing or funding program will be made available to that Covered Outlet. In no event will any Covered Outlet be eligible for more than one marketing or funding program offered by Company or any of its subsidiaries or authorized bottlers. Customer agrees to provide Company with prompt written notice of the opening, acquisition, transfer or closing of any Covered Outlet.

4. EFFECTIVE DATE AND TERM

This Agreement will become effective when signed by Customer and an authorized representative of Company and will be in effect throughout the Term. The Term of this Agreement will start on January 1, 2017 if this Agreement is signed by Customer on or before April 21, 2017. The Term of this Agreement will start on the first day of the month in which it is signed by Customer if this Agreement is signed by Customer after April 21, 2017. The Term will continue until the termination or expiration of the January 1, 2017 Beverage Marketing Agreement between Company and Schlotzsky's Franchise LLC. The prior Schlotzsky's franchisee participation agreement between Company and Customer, if any, will govern the relationship between the parties until the beginning of the Term at which time it will be superseded by this Agreement and be of no further force or effect with the exception of any obligations thereunder with respect to the time period prior to such franchisee participation agreement being superseded by this Agreement.

5. EXHIBITS

This Agreement also consists of the following:

i. **Exhibits 1-1 through 1-4** Program Terms and Conditions

ii. **Exhibit 2** Definitions

iii. **Exhibit 3** Standard Terms and Conditions

iv. **Exhibit 4** Dispensing Equipment Lease

v. **Exhibit 5** Coca-Cola Freestyle

vi. Any other terms and conditions referenced herein

COMPANY:	**CUSTOMER:**
THE COCA-COLA COMPANY, acting by and through COCA-COLA NORTH AMERICA	**[INSERT NAME OF FRANCHISEE]**
Agreed to this ___ day of _____, 20__	Agreed to this ___ day of _____, 20__
Signature:_____	Signature:_____
Print Name:_____	Print Name:_____
Title:_____	Title:_____

Customer Initials _____

EXHIBIT 1-1
FOUNTAIN PROGRAM TERMS AND CONDITIONS

1. AVAILABILITY

Each Covered Outlet will serve a core brand set of Company Fountain Beverages that consists of (i) Coca-Cola®, Diet Coke® and Sprite® (and Coke Zero® if approved by Customer's Brand President) on Legacy Dispensers with the remaining Company Fountain Beverages being jointly selected by Customer and Company and (ii) the standard Freestyle brand set on Freestyle Dispensers, which is subject to change from time to time. All Fountain Beverages served in the Covered Outlets will be Company Fountain Beverages; provided, however, that each Covered Outlet may serve (i) subject to the Fair Share section of this Agreement, the Fountain Beverage Permitted Exception but (a) on only 1 valve per Legacy Dispenser with less than 10 valves, and (b) on up to 2 valves per Legacy Dispenser with 10 or more valves and (ii) any Competitive Beverages that are included in the standard Freestyle brand set on Freestyle Dispensers. Customer may not dedicate any valve on a Dispenser leased from Company to dispense tap water.

2. PRICING

Covered Outlets will have the right during the Term to purchase Company Fountain Syrups from Company at Company's then-current published chain account prices, which prices are subject to change from time to time in accordance with this Agreement.

3. EQUIPMENT PROGRAM

3.1. Equipment

The use of Legacy Dispensers or Freestyle Dispensers in each Covered Outlet will be determined by Schlotzsky's Franchise LLC or as mutually agreed to by the parties. The terms for each Dispenser are set forth below.

3.2. Legacy Dispensers

Customer will with respect to each Covered Outlet either (i) lease from Company during the Term the Company approved Legacy Dispensers reasonably necessary to enable Customer to dispense a quality Fountain Beverage or (ii) purchase or lease all required Legacy Dispensers from a third party. Customer may elect to purchase Fountain Beverage Dispensers through Company, subject to Company's standard terms and conditions. No ice makers or water filters will be provided by Company.

Legacy Dispensers leased from Company will be leased to Customer at an annual lease rate calculated by multiplying the total installed cost of the additional Legacy Dispensers by the then-current lease factor. The lease factor currently in effect for Legacy Dispensers is 0.24. Should the lease factor change during the Term, any Legacy Dispenser installed after the change goes into effect will be subject to the new lease factor. Lease charges, if any, will be deducted from earned funding. Charges in excess of earned funding will be invoiced.

All Legacy Dispensers provided by Company will at all times remain the property of Company and are subject to the terms and conditions of the Lease, except as specifically changed by the Program Terms and Conditions or the Standard Terms and Conditions.

3.3. Operations Support Fund

Company will provide an Operations Support Fund at the rate of $1.45 per gallon of Company Fountain Syrups purchased by the Covered Outlets to offset the cost of leasing and/or procuring Legacy Dispensers. If lease charges, service charges and fair share equipment and service charges are less than the funding available under this Operations Support Fund, the excess funding will be paid to Customer semi-annually following the period in which it is earned.

3.4. Freestyle Dispensers

The terms for Freestyle Dispensers are set forth in **Exhibit 5.**

4. SERVICE PROGRAM

4.1. Legacy Service

Customer may use Company's service network without any additional charge for 3 regular mechanical repair call per Covered Outlet each calendar year (prorated for each calendar year during the Term that is less than 12 months). These calls may be aggregated. Parts required for these regular mechanical repair calls will also be provided without any additional charge. Any Special Service Calls are not considered regular service and will not be provided free of charge. Charges for Special Service Calls or for regular mechanical repair calls in excess of those available without any additional charge under this program will be charged at Company's then-current rates, and will be deducted from earned funding. Charges will include labor, travel time, parts, and administrative costs. Charges in excess of earned funding will be invoiced.

4.2. Freestyle Service

The terms for Freestyle Dispensers are set forth in **Exhibit 5.**

5. FAIR SHARE

If a Covered Outlet desires to use a Legacy Dispenser provided by Company in any calendar year to dispense the Fountain Beverage Permitted Exception of regular or diet Dr Pepper on only one valve per Legacy Dispenser as stated in Section 12 above, an additional fair share lease and service charge of $0.23 for each gallon of Company Fountain Syrups such Covered Outlet purchased for that calendar year for each one of those valves will be incurred. Fair share charges will be deducted from earned funding. Customer will annually provide Company with a list of all Covered Outlets that serve a Fountain Beverage Permitted Exception.

EXHIBIT 1-2
JUICE PROGRAM TERMS AND CONDITIONS

1. JUICE AVAILABILITY

Customer will serve in each Covered Outlet a core brand set of Juice that consists of Minute Maid® Lemonade and Raspberry Lemonade (or such substitute products that may become available and selected by Customer) in frozen concentrate form for dispensing on the premises. Customer agrees not to serve a Juice that is a product of PepsiCo.

2. JUICE PRICING

Company agrees that during the Term, Customer will have the right to purchase Company Juice at a price determined by Customer's distributor, which price will be based on Company's then-current published chain account price plus distributor mark-up and freight. The chain account price is subject to change from time to time.

3. JUICE MARKETING PROGRAM

The amount of available funding is calculated at the rate of $2.50 for each standard physical case of Company Juice in frozen concentrate form that the Covered Outlets purchase. To qualify for funding, Customer and each Covered Outlet must comply with all the following performance criteria:

i. Feature approved renditions of Company Juice brands, trademarks or logos on certain merchandising materials, menus, drive-thru or dine-in menu boards;

ii. Execute annually at least 1 promotional program and 1 crew incentive program featuring Company Juice or Company Fountain Syrups, as mutually agreed upon; and

iii. Perform those additional Company Juice marketing and promotional activities that the parties mutually agreed upon.

Funding will be paid to Customer quarterly following the period in which it is earned.

4. JUICE EQUIPMENT PROGRAM

Company will continue to lease without charge to Customer the Juice Dispensers that are currently installed in the Covered Outlets. Company will also lease to Customer for each Covered Outlet that is newly opened or acquired during the Term, an equipment package consisting of the following (or its equivalent):

Lancer 2-valve Minute Maid juicer.

A second dispenser will also be leased without charge to those newly opened or acquired Covered Outlets with a drive-thru window. Any additional equipment will be provided only upon mutual agreement between the parties. The Dispensers provided by Company will at all times remain the property of Company and is subject to the terms and conditions of the Lease. Such terms shall apply automatically to any Dispenser leased by Customer.

5. JUICE SERVICE PROGRAM

Customer may use Company's service network without charge for up to 2 regular mechanical repair calls for Juice Dispensers per 12 month calendar year during the Term (which will be prorated for each calendar year less than 12 months) for each Covered Outlet. These calls are calculated on a per outlet basis and may not be aggregated. As part of a small parts and Phone Fix® program, Company shall also provide at no charge adequate telephone support to minimize the necessity of repair visits. Any small parts sent to a Covered Outlet as a result of Phone Fix calls will be provided without charge if they are no more than $25 per Phone Fix. If small parts are higher than $25, the Covered Outlet will be invoiced for the part. If, at any time during the Term, the ceiling on the small parts program is increased, Company will notify Customer, and the Covered Outlets will automatically receive the new rate. Any Special Service Calls are not considered regular service and will not be provided free of charge. Charges for Special Service Calls or for regular mechanical repair calls in excess of those available without any additional charge under this program will be charged at Company's then current rates, and will be deducted from earned funding. Charges will include labor, travel time, parts, and administrative costs. Charges in excess of earned funding will be invoiced.

EXHIBIT 1-3
TEA PROGRAM TERMS AND CONDITIONS

1. TEA AVAILABILITY

Customer will serve in each Covered Outlet Fuze brand Tea (or other Company Tea mutually agreed to by the parties). Customer agrees that all Tea served in the Covered Outlets will be Company Tea. However, the parties agree that a Covered Outlet may serve individual tea bags for the purpose of preparing hot tea.

2. TEA PRICING

Company agrees that during the Term, Customer will have the right to purchase Company fresh-brewed Tea at a price determined by Customer's distributor, which price will be based on Company's then-current published chain account price and the distributor mark-up. The chain account price is subject to change from time to time. However, the parties agree that if the overall annual increase in the then-current published chain account price exceeds 4% more than twice during the Term, Customer may terminate the Tea Beverage program set forth in this Amendment. Upon such termination of the Tea program, Customer must repay to Company any unearned Tea Dispenser value as calculated below. Upon repayment of such funding and equipment value, the Tea program will be considered terminated without further penalty to Customer. All other provisions of the Agreement will remain unchanged.

3. TEA EQUIPMENT PROGRAM

Company will offer to provide to Covered Outlets that don't already have a Tea Dispenser the following or its equivalent: a Bunn ITCB Brewer, urns, urn wraps and urn straps, including delivery and installation (Covered Outlets with a drive-thru may receive Tea Dispensers with 6 urns; all other Covered Outlets will be eligible to receive Tea Dispensers with 4 urns). Upon installation, ownership of the Dispensers will transfer to Customer per the Equipment Sale Agreement.

4. TEA SERVICE PROGRAM

Customer may use Company's service network for service to its Tea Dispensers and will be charged at Company's then current rate. Charges for service will be deducted from earned funding. Charges will include labor, travel time, parts, and administrative costs.

EXHIBIT 1-4
BOTTLE/CAN PROGRAM TERMS AND CONDITIONS

1. AVAILABILITY

A line of Bottler Bottle/Can Beverages as mutually agreed to by the parties will be made available for sale at each Covered Outlet, subject to availability from Bottler. All Bottle/Can Beverages served in the Covered Outlets will be Bottler Bottle/Can Beverages; provided, however, that the Bottle/Can Beverage Permitted Exceptions may be served in each Covered Outlet. Company will have the right of first negotiation and refusal with respect to the sale of Bottle/Can Beverages to the Covered Outlets. This right of first negotiation and refusal will mean that if Customer wishes to serve Bottle/Can Beverages in the Covered Outlets, Customer will offer Company the opportunity to present a Bottle/Can Beverage marketing program to Customer, and the parties will have a period of 60 days to negotiate the terms of the program. If the parties fail to reach an agreement on a Bottle/Can Beverage program within such 60 day period, Customer shall be free to negotiate with other parties representing other brands. If, however, Customer receives a bona fide offer from another party regarding a Bottle/Can Beverage program, which program the Customer intends to accept, then Customer shall be obligated to communicate such offer to Company, whereupon Company shall have 60 days from the date of such communication to offer Customer a competitive Bottle/Can Beverage program and if the parties fail to reach an agreement on a Bottle/Can Beverage program within a following 60 day period, Customer shall be free to accept the offer of the other party.

2. PRICING

The prices for Bottler Bottle/Can Beverages are set at the sole discretion of Bottler. Bottler will charge no more than price ceilings for Bottler Bottle/Can Beverages to be negotiated by the parties and if mutually agreed added to this Agreement through amendment.

3. EQUIPMENT

Bottler will provide Customer with Cold Drink Equipment to be negotiated by the parties and if mutually agreed added to this Agreement through amendment.

4. SERVICE

Bottler will provide Customer with service to Cold Drink Equipment to be negotiated by the parties and if mutually agreed added to this Agreement through amendment.

EXHIBIT 2
DEFINITIONS

Capitalized words or phrases used throughout this Agreement have the following meanings:

1. "**Agreement**" means this agreement and all exhibits and attachments thereto.

2. "**Beverage**" means all soft drinks and other non-alcoholic beverages excluding brewed coffee and tea.

3. "**Bottle/Can Beverage**" mean any Beverage, including a pre-mix Beverage, in pre-packaged, ready-to-drink form in bottles, cans or other factory-sealed containers.

4. "**Bottle/Can Beverage Permitted Exceptions**" means Competitive Beverages that are Bottle/Can Beverages and are not (i) cola Bottle/Can Beverages (ii) Products of PepsiCo or (iii) Tea.

5. "**Bottler**" means authorized bottlers of Company that elect to participate under this Agreement.

6. "**Bottler Bottle/Can Beverage**" means a Bottle/Can Beverage that is purchased by Customer directly from Bottler for sale at the Covered Outlets.

7. "**Cold Drink Equipment**" means a cooler.

8. "**Company**" means The Coca-Cola Company, acting by and through Coca-Cola North America. When the term Company is applied to a term (such as Beverage as in "Company Beverage") it means such term as marketed under (i) trademarks owned by Company and (ii) trademarks licensed by Company that are designated as a Company product by Company.

9. "**Competitive Beverage**" means any Beverage that is not a Company Beverage.

10. "**Covered Outlets**" means outlets, properties and facilities located in the 50 United States and the District of Columbia where Beverages are served that are owned or operated by Customer under the Schlotzsky's brand, including any such outlets, properties and facilities that are (i) opened after the Agreement is signed, (ii) co-branded or (iii) acquired during the Term of the Agreement (unless those outlets, properties and facilities are already governed by an agreement with Company and that agreement is validly assigned to Customer as part of the acquisition); provided, however, that if the acquired outlets are currently under a pre-existing agreement with a Competitive Beverage supplier, the acquired outlets will come under this Agreement after the applicable agreement with the Competitive Beverage supplier is terminated or expires. With respect to those provisions relating to Bottler Bottle/Can Beverages, this Agreement will only apply to those Covered Outlets that are located in the geographic territory in which Bottler is authorized to distribute, promote, market, and sell Company Bottle/Can Beverages. The term "Covered Outlets" includes all Customer locations within such outlets, properties and facilities where Beverages are or can be served. The term Covered Outlets does not include any Covered Outlet located in non-traditional venues or such other venues in which the lessor or property owner controls the fountain beverage decision and will not allow the Covered Outlet to fully comply with the terms of this Agreement after the Covered Outlet has had good faith discussions with the lessor or property owner to allow the Covered Outlet to comply with this Agreement and then only to the extent that the lessor's or property owner's agreement with the Covered Outlet will not allow the Covered Outlet to comply with the terms of this Agreement. Notwithstanding the preceding sentence, the Covered Outlet is not required to undertake any such discussions if it reasonably believes that such discussions will not alter the lessor's or property owner's position and attempting to do so could adversely affect the Customer's relationship with the lessor or property owner, as the case may be.

11. "**Customer**" means the above-signed franchisee of Schlotzsky's Franchise LLC.

12. "**Customized Lemonade Juice**" means the lemonade Juice that the parties have jointly developed.

13. "**Dispenser**" means a piece of equipment that dispenses Beverages through a valve.

14. "**Equipment Sale Agreement**" means the terms and conditions set forth in the Equipment Sale Agreement found at: www.cokesolutions.com/Pages/DownLoadFile.aspx?DocID=2435.

15. "**Fountain Beverages**" are those Beverages that are served through Dispensers and any carbonated Beverages that are not Bottle/Can Beverages.

16. "**Fountain Beverage Permitted Exceptions**" means regular Dr Pepper®. If the Fountain Beverage Permitted Exception becomes a Product of PepsiCo at a later date, it will no longer be deemed a Fountain Beverage Permitted Exception.

17. "**Fountain Syrup**" means traditional bag-in-box Fountain Beverage syrup used to prepare Fountain Beverages, but does not include syrup use to prepare frozen or partially frozen Fountain Beverages or other forms of concentrate, such as frozen concentrates used to prepare juices, or liquid coffee concentrate.

18. "**Freestyle**" means Coca-Cola Freestyle®.

19. "**Growth Threshold**" means the Participating System purchases in the prior calendar year 2% more than the greatest volume of the Customized Lemonade Juice purchased by the Participating System in any previous calendar year.

20. "**Juice**" means juice and juice drink products.

21. "**Lease**" means the terms and conditions set forth in the Dispensing Equipment Lease attached as **Exhibit 4**.

22. "**Legacy Dispensers**" means traditional Fountain Syrup Dispensers.

23. "**Lemonade Juice Permitted Exceptions**" means a lemonade Juice (i) that is a Competitive Beverage so long as that Competitive Beverage is not a Product of PepsiCo (if such Competitive Beverage becomes a Product of PepsiCo during the Term, the Covered Outlets may continue to make the Competitive Beverage available) (ii) a lemonade Juice use to make any of the Fountain Beverage Permitted Exceptions.

24. "**Product of PepsiCo**" means any Beverage which has a trademark owned by, licensed to, controlled by or distributed by PepsiCo, Inc. or any of its subsidiaries, affiliates or bottlers, or any entity or joint venture in which PepsiCo, Inc. or any of its subsidiaries, affiliates or bottlers, has at least a 50% ownership interest.

25. "**Product Warranty and Indemnity**" means the terms and conditions set forth in the Product Warranty and Indemnity found at: www.cokesolutions.com/Pages/DownLoadFile.aspx?DocID=2436.

26. "**Quality Beverage Standards**" means the Quality Beverage Standards found at: https://www.cokesolutions.com/content/dam/cokesolutions/us/documents/foodservice-quality/Quality-Beverage-Standards.pdf.

27. "**Special Service Calls**" means any removal, remodel, relocation or reinstallation of Dispensers, installation or removal of ice makers, service caused by non-approved ice, flavor changes, summerize/winterize, line changes, or service necessitated by damage or adjustments to the equipment resulting from exposure to the elements, misuse, abuse, failure to follow operating instructions or service by unauthorized personnel, unnecessary calls (equipment was not plugged in, CO2 or Fountain Syrup container was empty), or calls that are not the result of mechanical failure.

28. "**Tea**" means beverages whether hot or cold that are made from tea in any form of preparation, including, but not limited to, post-mix tea, tea leaves or tea powder.

29. "**Term**" is defined in the Effective Date and Term section.

30. "**Weighted Average List Price**" means the average list price (i.e., without taking into consideration any funding, rebates, allowances or other discounts) for Company Fountain Syrups on a per gallon basis.

EXHIBIT 3
STANDARD TERMS AND CONDITIONS

1. TERMINATION AND DAMAGES

1.1 Once both parties sign the Agreement, it may be terminated before the scheduled expiration date only in the following circumstance: either party may terminate the Agreement if the other party fails to comply with a material term or condition of the Agreement and does not remedy the failure within 90 days after receiving written notice specifying the non-compliance. For purposes hereof, non-payment of earned funding by Company shall be a material breach of the Agreement.

1.2 Upon expiration or termination, Customer must return any dispensing equipment owned by Company and the marketing program(s) will no longer be made available to Customer. In addition, if any piece of equipment is removed from a Covered Outlet prior to 100 months from the installation date for that piece of equipment, Customer will pay Company the actual cost of removal of the equipment (including standard shipping and handling charges) and remanufacturing of the equipment, as well as the unamortized portion of the costs of (i) installation and (ii) non-serialized parts (e.g., pumps, racks and regulators) and other ancillary equipment. Collectively, removal costs and items (i) and (ii) are referred to as "**unbundling costs**." Upon termination, Customer must also pay the following amounts: (a) All paid but unearned funding, plus (b) interest on the unearned prepaid funding at the annual rate of 6% rate, accrued from the date funds were paid through the date of repayment. Notwithstanding the foregoing, the unamortized portion of such items shall not be owed in the event that the equipment is returned to Company due to the equipment's failure to dispense Fountain Beverage after Company's failure to cure such failure within 30 days following its receipt from Customer of written notice detailing such failure.

1.3 The parties acknowledge that either party may pursue other remedies if the other party breaches the terms of the Agreement.

1.4 Notwithstanding anything to the contrary in the Agreement, Company will pay all earned but unpaid funding notwithstanding the termination or expiration of the Agreement.

1.5 IN NO EVENT WILL EITHER PARTY, OR ANY AFFILIATES OR SUBSIDIARIES OR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, SHAREHOLDERS, MEMBERS OR REPRESENTATIVES BE LIABLE TO THE OTHER PARTY OR ANY THIRD PARTY FOR SPECIAL, INDIRECT, PUNITIVE, INCIDENTAL OR CONSEQUENTIAL DAMAGES OR LOSS OF ANY NATURE, INCLUDING BUT NOT LIMITED TO, DAMAGES RESULTING FROM DELAY OR LOSS OF GOODWILL, THAT MAY ARISE IN CONNECTION WITH THIS AGREEMENT, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE LIKELIHOOD OF SUCH DAMAGES OCCURRING, AND WHETHER SUCH LIABILITY IS BASED ON CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE. THE PARTIES AGREE THAT THIS LIMITATION OF LIABILITY SHALL SURVIVE IN FULL FORCE AND EFFECT DESPITE ANY FAILURE OF ANY EXCLUSIVE REMEDY (COLLECTIVELY, "SPECIAL DAMAGES"). THIS PROVISION SHALL APPLY TO THE DISPENSING EQUIPMENT LEASE AND COCA-COLA FREESTYLE AGREEMENT ATTACHED TO THE AGREEMENT AS EXHIBIT 5.

1.6 The parties acknowledge that either party may pursue other remedies or direct damages (but not Special Damages) if the other party breaches the terms of the Agreement. The prevailing party shall be entitled to all costs and expenses incurred to collect the amounts due including without limitation reasonable attorneys' fees.

2. NON-COMPLYING OUTLETS

If any Covered Outlet fails to comply with this Agreement, Customer will forfeit all funding earned by such Covered Outlet for the period of non-compliance.

3. GOVERNING LAW/ DISPUTE RESOLUTION

This Agreement shall at all times be governed by the laws of the State of Georgia. Should there be a dispute between Company and Customer relating in any way to the Agreement, the breach of the Agreement, or the business relationship of the parties, the parties agree that they will make a good faith effort to settle the dispute in an amicable manner. If the parties are unable to settle the dispute through direct discussions, at that time they will attempt to settle the dispute by mediation administered by the American Arbitration Association (the "AAA"). If the parties do not agree to pursue mediation or if that procedure is unsuccessful, the dispute will be resolved by binding arbitration administered by AAA in accordance with its Commercial Arbitration Rules using a single arbitrator, at a location selected by AAA based on the convenience of the parties and the location of potential witnesses. The arbitrator shall have the authority to award specific performance and any other appropriate remedies including interim injunctive relief to maintain the status quo pending the conclusion of arbitration. The prevailing party shall also be entitled to recover its reasonable attorneys' fees and other costs and expenses of litigation. A judgment on the award of the arbitrator may be entered in any court with jurisdiction. The foregoing will not preclude any party from bringing an action for injunction in a court of competent jurisdiction for breach of the other party's confidentiality obligations.

4. TRANSFERS AND ASSIGNMENTS

4.1 If at any time during the Term or over the course of the Term there is a transfer (other than to Schlotzsky's Franchise LLC or another franchisee of Schlotzsky's Franchise LLC or an affiliate of Customer) or closing of, 50% or more of the Covered Outlets, Customer shall use commercially reasonable efforts to cause the acquiring, surviving or newly created business (collectively, the "Acquirer") to assume all of Customer's obligations under the Agreement with regard to the acquired assets or business, provided Company does not otherwise modify the Agreement to the detriment of the Acquirer, except as permitted herein. If the Acquirer assumes the Agreement and the Acquirer is not affiliated with Customer, then Customer shall have no further liability under the Agreement and will not pay a fee or penalty in connection with the sale. The Agreement shall not be otherwise assignable without the express written consent of Company, which consent shall not be unreasonably withheld, delayed or conditioned. Nothing contained herein shall be construed as a waiver of Company's termination rights pursuant to this Agreement. Notwithstanding the foregoing terms of this Section 4.1, this Agreement may be assigned by Customer to affiliate in connection with a securitization financing transaction without the consent of Company. This Agreement shall inure to the benefit of and be binding upon the parties hereof and their respective successors and assigns.

4.2 If any Covered Outlet is transferred or closed, Customer shall pay Company's actual cost of removal of the equipment, as well as the unamortized portion of the cost of (i) installation, (ii) non-serialized parts (e.g., pumps, racks and regulators) and other ancillary equipment, and (iii) standard shipping and handling charges for equipment in such outlet installed less than 100 months prior to the transfer or closure, unless Customer causes the new owner or operator at the location to assume the lease of the equipment on the same terms as applied to Customer or unless the equipment is relocated to another Covered Outlet in which case Customer shall be responsible for the service costs for such relocation.

5. TRADEMARKS

Neither Customer nor Company shall make use of any of the other party's trademarks or logos (either alone or in conjunction with its or another party's trademarks or logos) without the prior written consent of that party, and all use of the other party's trademarks shall inure to the benefit of trademark owner. For purposes of this Agreement, Company's trademarks include trademarks owned, licensed to or controlled by an entity in which Company has a 50% or more ownership interest.

6. CONFIDENTIALITY

Neither party shall disclose to any third party without the prior written consent of the other party, any information concerning this Agreement or the transactions contemplated hereby, except for disclosure (1) to any attorneys, accountants and consultants involved in assisting with the negotiation and closing of the contemplated transactions, or (2) to affiliates of Company including Bottler, or (3) to other franchisees Schlotzsky's Franchise LLC or (4) as required by law. A party that makes a permitted disclosure must obtain assurances from the party to whom disclosure is made that such party will keep confidential the information disclosed. Customer agrees that it will not permit any third party to inspect, analyze or reverse engineer any Freestyle Dispenser. Without limiting the generality of the previous sentence, Customer agrees that it will only open the Freestyle Dispenser to change cartridges and will not permit (a) any photograph or other images to be taken of the inside of the Freestyle Dispenser or (b) any inspection or analysis of the interior portions of the Freestyle Dispenser by third parties. Notwithstanding anything to the contrary in this Section 6, Customer may disclose the terms and conditions of this Agreement to potential acquirers, buyers, merger or other potential business combination transaction counterparties, investors and their personnel, in-house and outside legal counsel, insurers, lenders, auditors, investment bankers and the limited partners of the private equity funds that have invested in Customer solely for the purpose of evaluating a purchase, merger or potential business combination of or with Customer, provided that such entities and individuals are required to comply with confidentiality terms no less restrictive than the Customer uses to protect its own confidential information in similar circumstances.

7. NO COMPETITIVE ADVERTISING

Except with respect to any Competitive Beverages that are allowed to be served in the Covered Outlets under this Agreement and any Competitive Beverages permitted on Freestyle Dispensers (i) Customer will not depict, advertise, promote or merchandise any Competitive Beverages anywhere in or in association with the Covered Outlets and (ii) Customer will not enter into any agreement or relationship whereby any Competitive Beverages are associated in any advertising or promotional activity of any kind with Customer, the Covered Outlets, or any of the trademarks of Customer. Notwithstanding this Section 7, nothing shall preclude Customer from participating in promotional advertising and marketing with a brand affiliated with Customer through common management, common control and/or common ownership which offers a Competitive Beverages, as long as such promotional advertising and marketing does not depict the Competitive Beverages and the Covered Outlets operate co-branded retail operations bearing the marks of the Customer and the affiliate. Further, Company acknowledges Customer licenses other brands, both affiliated and un-affiliated, to market and sell Customer's branded products and such other brands may advertise and promote their brands and in doing so, may include Customer's branded products in such advertising and promotional activities.

8. PRICING AND PAYMENTS

All prices quoted in this Agreement do not include, and Customer will be responsible for the payment of all taxes, deposits, handling fees and recycling fees and any government related fees or costs and governmental taxes, excises and/or other charges (except taxes on or measure by net income) that Company may be require to pay with respect to the production, sale or transportation of the Products except where the law otherwise provides. Company will not be required to make any payments to Customer until Customer provides Company with documentation required to release payment (such as a W-9 and ACH form) and any delay in obtaining such documentation will correspondingly delay any of Company's payment deadlines. All payments due from Company will be made within 60 days from the period in which they are earned.

9. OFFSET

If Customer defaults on any obligation to Company under this or any other agreement, in addition to any other remedies it may have, Company may use funds due Customer to offset amounts due to Company under this Agreement. Excess service costs and fair share charges, if any, will be deducted from earned funding.

10. FORCE MAJEURE

Either party is excused from performance under this Agreement for so long as such nonperformance results from any act of God, strikes, war, terrorism, riots, acts of governmental authorities, shortage of raw materials or any other cause outside the reasonable control of the nonperforming party.

11. WAIVER

The failure of either party to seek redress for the breach of, or to insist upon the strict performance of any term, clause or provision of the Agreement, shall not constitute a waiver, unless the waiver is in writing and signed by the party waiving performance.

12. WARRANTIES

Customer and Company each represent and warrant that they have the unrestricted right to enter into this Agreement and to make the commitments contained in this Agreement. In addition, each party represents that the person whose signature appears on the Agreement has the right to execute this Agreement on behalf of the party indicated. Customer represents and warrants that it will comply with all applicable laws and regulations and all appropriate practices with respect to food safety including the storing, preparation and serving of food and potability of water. Furthermore, if applicable, Customer will comply with all equipment manufacturers' specifications and product dispensing and preparation instructions and specifications. Finally, Customer will comply with Company's Quality Beverage standards, provided a copy of same is provided to Customer. Company provides the Product Warranty and Indemnity to Customer.

13. RESALE AND PACKAGING

Customer represents and warrants that it will

(i) not transfer or resell Company Beverages or Company Beverage packages to any other entity (other than Customer's own retail outlets or for the purpose of environmentally safe disposal) or for residential or home use;

(ii) only allow Company Fountain Beverages to be used with cups, glasses or other containers designed for reasonably immediate consumption and not for extended storage or with returnable bottles or similar containers;

(iii) not tamper with any Company Beverage or Company Beverage package;

(iv) not repackage or transfer any Company Beverage into other containers without Company authorization;

(v) not refill or reuse any Company Beverage container;

(vi) notify Company promptly of any quality problem related to Company Beverages at 1-800-241-2653;

(vii) rotate stock of Company Beverages to ensure that they are used before their shelf life date;

(viii) not export Company Beverages or Company Beverage packaging without Company's expressed written consent; and

(ix) not directly or indirectly ship, distribute or sell any Bottler Bottle/Can Beverages outside of the geographic scope of the Company's internally defined

market unit in which such Beverages were sold to Customer (Company will make the geographic scope of any such market unit available to Customer upon request.

14. CONSTRUCTION/ SEVERABILITY

This Agreement and any accompanying documents constitute negotiated agreements between the parties, and the fact that one party or his or its counsel, or the other, shall have drafted this Agreement, any document or particular provision hereof shall not be considered in the construction or interpretation of this Agreement, the documents or any provision hereof. If any term or provision of this Agreement is found to be void or contrary to law, such term or provision will be deemed severable, but only to the extent necessary to bring this Agreement within the requirements of law, from the other terms and provisions hereof, and the remainder of this Agreement will be given effect as if the parties had not included the severed term herein.

15. AUDIT

Customer will have the right, upon reasonable notice, at its own expense to examine Company's volume and distributor reports, payments and records up to two times per Year during Company's normal business hours to verify the product sold and monies paid hereunder.

16. CLAIMS FOR REBATE, DISCOUNT OR ALLOWANCE DISCREPANCIES

In no event will Company accept any claims of discrepancies or errors in pricing or funding hereunder more than 1 year from the date of invoice with respect to pricing or payment with respect to funding. In support of any such claim, Customer will provide a detailed, written request specifying the particular product, the amount in dispute and reason for dispute, along with a true copy of the original invoice or payment and all other documents in support of the claim. Company will review each such claim in good faith and provide prompt responses to each properly made claim. Customer will not withhold payments owing to Company regardless of the pendency of such a claim. If Customer withholds any payments, Company reserves the right to withhold funding due Customer. Company will work directly with the Customer to resolve any such claims, but will not interact with third-party auditors or contractors.

17. THIRD PARTY BENEFICIARIES

Except with respect to Customer Indemnified Parties and Company Indemnified Parties, Customer and Company hereby expressly acknowledge and agree that this Agreement is for the sole exclusive benefit of the parties hereto, and no other third party is intended to or will have any rights hereunder. Customer Indemnified Parties and Company Indemnified Parties shall be deemed third party beneficiaries of this Agreement, with all legal rights, benefits or remedies of any nature whatsoever, available under or by reason of the provisions of this Agreement.

18. INDEMNITY

Customer will defend and indemnify Company and its affiliates and each of their officers, agents, employees, directors, shareholders, affiliates, successors, and assigns (hereinafter, the "**Company Indemnified Parties**") against, and hold Company Indemnified Parties wholly harmless from, any and all claims, actions, suits, proceedings, demands, damages, and liabilities of whatever nature, and all costs and expenses, including without limitation Company Indemnified Parties' reasonable attorneys' fees and expenses, relating to or in any way arising out of (i) the ordering, delivery, rejection, installation, purchase, leasing, maintenance, possession, use, operation, control, or disposition of, or any tort liability relating to, any equipment provided by any of the Company Indemnified Parties or Bottler or any portion thereof or (ii) any act or omission of Customer, including but not limited to any loss or damage to or sustained by the Company Indemnified Parties arising out of Customer's failure comply with all the obligations, representations and warranties of this Agreement or; excepting only to the degree such claims are the result of the Indemnified Parties' negligent or willful acts. Except with respect to claims for Company Beverages for which Product Warranty and Indemnity provides the Customer Indemnified Parties with their sole and exclusive remedy, Company will defend and indemnify Customer and its direct and indirect parent companies, subsidiaries and affiliates and each of their respective officers, agents, employees, directors, shareholders, members, managers owners, affiliates, successors, and assigns (hereinafter, collectively, the "**Customer Indemnified Parties**") against, and hold the Customer Indemnified Parties wholly harmless from any and all claims, actions, suits, proceedings, demands, damages and liabilty of whatever nature, and all costs and expenses, including without limitation Customer Indemnified Parties' reasonable attorneys' fees and expenses, relating to or in any way arising out of (i) any alleged violation of the Americans with Disabilities Act that results solely from the Equipment provided by Company (e.g., the violation is unrelated to how the Equipment is installed or the alleged violation can be avoided by Customer providing accommodations permitted under the American with Disabilities Act) or (ii) any act or omission of Company, including but not limited to any loss or damage to or sustained by the Customer Indemnified Parties arising out of Company's failure to comply with all the obligations, representations and warranties of this Agreement, excepting only to the degree such claims are the result of the Customer Indemnified Parties' negligent or willful acts. The provisions of this Section 18 will survive termination and expiration of this Agreement.

19. LIMITED RECOURSE

The parties agree that any remedy or recourse available under or related to this Agreement is strictly limited to the parties to this Agreement. No past, present or future director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate, controlling party, entity under common control, ownership or management, vendor, service provider, agent, or attorney of either party shall have any liability under this Agreement or or for any claim based on, in respect of, or by reason of, the transactions contemplated hereby and thereby. The foregoing is not intended to discharge either party from its liability for any breach of this Agreement by its representatives.

20. ADDITIONAL TERMS

The terms and conditions of this Agreement will supersede all prior agreements between the parties relating to the subject matter of this Agreement. No supplement, modification, or amendment of this Agreement will be binding unless executed in writing by authorized representatives of both parties. Company will not be bound by any standard or preprinted terms or conditions contained in Customer's purchase orders, acknowledgements, invoices, vendor allowance forms or other Customer forms, or counteroffers, that propose terms or conditions in addition to or differing from the terms and conditions set forth in this Agreement with respect to its subject matter. In addition, any terms and conditions on Customer's internet site to which agreement by Company is deemed or required in any manner, whether through an online electronic agreement, site use, or otherwise, will be null and void and of no legal effect on Company.

EXHIBIT 4
DISPENSING EQUIPMENT LEASE

1. **LEASE AGREEMENT AND TERM**. Company hereby leases to Customer all beverage dispensers provided to Customer ("**Equipment**"), subject to the terms and conditions set forth in this Lease. Unless otherwise agreed in writing, the Equipment will also include, where applicable, all permanent merchandising, menu boards, refrigeration units, ice makers and water filtration equipment provided by Company. Each piece of Equipment is leased commencing on its installation date (the "**Commencement Date**"). Customer may request the removal of any Equipment upon thirty (30) days prior written notice to Company. Removal of Equipment will not affect the term of any agreement between the parties. If this Lease is terminated with respect to any piece of Equipment for any reason prior to 100 months from the Commencement Date for that piece of Equipment, Customer will pay Company the actual cost of removal (including standard shipping and handling charges) and remanufacturing of that Equipment, as well as the unamortized portion of the costs of (i) installation and (ii) non-serialized parts (e.g. pumps, racks and regulators) and other ancillary equipment. Collectively, removal costs and items (i) and (ii) are referred to as "**unbundling costs**." The terms of this Lease will continue in effect with respect to each piece of Equipment until the Equipment has been returned to Company and will survive the expiration or termination of any agreement into which this Lease is incorporated.

2. **RENT FOR EQUIPMENT**. All rent due for Legacy Dispensers will be due monthly. At Company's discretion, Company may utilize funds due Customer to offset amounts due Company under this Lease. Rent for Freestyle Dispensers is included in the Program Fee (see **Exhibit 5**).

3. **TITLE TO THE EQUIPMENT**. Title to the Equipment is, and will at all times remain, vested in Company. Customer will have no right, title, or interest in or to the Equipment, except the right to quiet use of the Equipment in the ordinary course of its business as provided in this Lease. Customer will execute such title documents, financing statements, fixture filings, certificates and such other instruments and documents as Company will reasonably request to ensure to Company's satisfaction the protection of Company's title to the Equipment and Company's interests and benefits under this Lease. Customer will not transfer, pledge, lease, sell, hypothecate, mortgage, assign or in any other way encumber or dispose of any of the Equipment. THE PARTIES AGREE AND CUSTOMER WARRANTS THAT THE EQUIPMENT IS, AND WILL AT ALL TIMES REMAIN, PERSONAL PROPERTY OF COMPANY NOTWITHSTANDING THAT THE EQUIPMENT OR ANY PART THEREOF MAY NOW BE, OR HEREAFTER BECOME, IN ANY MANNER AFFIXED OR ATTACHED TO, OR EMBEDDED IN, OR PERMANENTLY RESTING UPON, REAL PROPERTY OR IMPROVEMENTS ON REAL PROPERTY. Customer may perform ordinary maintenance and repairs to the Equipment as required by this Lease, but will not make any alterations, additions, or improvements to the Equipment without the prior written consent of Company (including using Equipment for merchandising not approved by Company). All parts added to the Equipment through alterations, repairs, additions or improvements will constitute accessions to, and will be considered an item of the Equipment and title to such will immediately vest in Company. Customer agrees that Company may transfer or assign all or any part of Company's right, title and interest in or to any Equipment (in whole or in part) and this Lease, and any amounts due or to become due, to any third party ("**Assignee**") for any reason. Upon receipt of written notice from Company of such assignment, Customer will perform all its obligations with respect to any such Equipment for the benefit of the applicable Assignee, and, if so directed, will pay all amounts due or to become due hereunder directly to the applicable Assignee or to any other party designated by such Assignee.

4. **USE OF EQUIPMENT**. Customer acknowledges that the rent does not fully compensate Company for its expenses concerning its research and development efforts designed to improve fountain equipment or in providing the Equipment to Customer, and that Company provides the Equipment to Customer for the purpose of dispensing products of The Coca-Cola Company. Therefore, Customer agrees that if the Equipment is a dispenser, then the Equipment will be used only for the purpose of dispensing fountain beverage products of The Coca-Cola Company, such as Coca-Cola®, diet Coke® and Sprite®, with the exception of any competitive beverages permitted on Freestyle Dispensers and Legacy Dispenser. If the Equipment is a pump for bag-in-box or similar container, such pump may be used only to dispense products of The Coca-Cola Company. If the Equipment is other than a dispenser or a pump, then it will be used only in a location where fountain beverage products of The Coca-Cola Company are served and where no fountain beverage is served that is a Product of PepsiCo. This Section 4 will not apply within the State of Wisconsin.

5. **INSPECTION AND NOTIFICATION**. Company will have the right during Customer's regular business hours to inspect the Equipment wherever the Equipment may be located and to review all records that relate to the Equipment. Customer will promptly notify Company of all details arising out of any change in location of the Equipment, any alleged encumbrances thereon or any accident allegedly resulting from the use or operation thereof.

6. **WARRANTY DISCLAIMER**: CUSTOMER ACKNOWLEDGES THAT COMPANY IS NOT A MANUFACTURER OF THE EQUIPMENT AND THAT COMPANY HAS MADE NO REPRESENTATIONS OF ANY NATURE WHATSOEVER PERTAINING TO THE EQUIPMENT OR ITS PERFORMANCE, WHETHER EXPRESS OR IMPLIED, INCLUDING (WITHOUT LIMITATION) ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR ANY OTHER WARRANTIES RELATING TO THE DESIGN, CONDITION, QUALITY, CAPACITY, MATERIAL OR WORKMANSHIP OF THE EQUIPMENT OR ITS PERFORMANCE, OR ANY WARRANTY AGAINST INTERFERENCE OR INFRINGEMENT, OR ANY WARRANTY WITH RESPECT TO PATENT RIGHTS, IF ANY, PERTAINING TO THE EQUIPMENT.

7. **TAXES**. Customer will pay all assessments, license fees, taxes (including sales, use, excise, personal property, ad valorem, stamp, documentary and other taxes) and all other governmental charges, fees, fines or penalties whatsoever, whether payable by Company or Customer, on or relating to the Equipment or the use, registration, rental, shipment, transportation, delivery, or operation thereof, and on or relating to this Lease.

8. **MAINTENANCE AND REPAIRS**. Except as expressly provided for herein, Customer will, at its expense, keep the Equipment in good condition, repair, and working order. Except as otherwise provided for herein, Customer will pay all costs incurred in connection with the shipment, use, operation, ownership, or possession of the Equipment during the term of this Lease. Customer's recourse against Company with respect to service provided by Company or its agents to the Equipment is that Company will correct any defective workmanship at no additional charge to Customer, provided that Company is given prompt notification of any defective workmanship. Company will not be otherwise liable for negligent acts or omissions committed in regard to maintenance or repair of the Equipment and assumes no responsibility for incidental, consequential or special damages occasioned by such negligent acts or omissions.

9. **RISK OF LOSS**. All risk of loss, including damage, theft or destruction, to each item of Equipment will be borne by Customer. No such loss, damage, theft or destruction of Equipment, in whole or in part, will impair the obligations of Customer under this Lease, all of which will continue in full force and effect.

10. **DEFAULT**. The occurrence of any of the following will constitute a "**Default**" by Customer (i) nonpayment by Customer when due of any amount due and payable under this Lease, (ii) failure of Customer to comply with any provision of this Lease, and failure of Customer to remedy, cure, or remove such failure within ten (10) days after receipt of written notice thereof from Company, (iii) any statement, representation, or warranty of Customer to Company, at any time, that is untrue as of the date made, (iv) Customer's becoming insolvent or unable to pay its debts as they mature, or Customer making an assignment for the benefit of creditors, or any proceeding, whether voluntary or involuntary, being instituted by or against Customer alleging that Customer is insolvent or unable to pay its debts as they mature, (v) appointment of a receiver, liquidator, trustee, custodian or other similar official for any of the Equipment or for any property in which Customer has an interest, (vi) seizure of any of the Equipment, (vii) default by Customer under the terms of any note, document, agreement or instrument evidencing an obligation of Customer to Company or to any affiliate of The Coca-Cola Company, whether now existing or hereafter arising, (viii) Customer taking any action with respect to the liquidation, dissolution, winding up or otherwise discontinuing the conduct of its business, (ix) Customer transferring all or substantially all of its assets to a third party or (x) the transfer, conveyance, assignment or pledge of a controlling interest or ownership of Customer to a third party without Company's prior written consent.

11. **REMEDIES**. Upon the occurrence of any Default or at any time thereafter, Company may terminate this Lease as to any or all items of Equipment, may enter the premises where the Equipment is located and retake possession of the Equipment at Customer's expense, and will have all other remedies at law or in equity for breach of the Lease. Customer acknowledges that in the event of a breach of Sections 4 or 5 or a failure or refusal of Customer to relinquish possession of the Equipment in breach of this section following termination or Default, Company's damages would be difficult or impossible to ascertain, and Customer therefore agrees that Company will have the right to an injunction in any court of competent jurisdiction restraining said breach and granting Company the right to immediate possession of the Equipment.

12. **LIQUIDATED DAMAGES**. If Customer acts in violation of the prohibitions described in Section 3 of this Lease, or is unable or unwilling to return the Equipment to Company in good working order, normal usage wear and tear excepted, at the expiration or termination of the Lease, Customer will pay as liquidated damages the total of (i) the amount of past-due lease payments, discounted accelerated future lease payments, and the value of Company's residual interest in the Equipment, plus (ii) all tax indemnities associated with the Equipment to which Company would have been entitled if Customer had fully performed this Lease, plus (iii) costs, interest, and attorneys' fees incurred by Company due to Customer's violation of Section 3 or its failure to return the Equipment to Company, minus (iv) any proceeds or offset from the release or sale of the Equipment by Company.

13. **OTHER TERMS**. Customer represents and warrants that it complies with (i) all applicable laws and regulations and (ii) all appropriate practices with respect to food safety including the storing, preparation and serving of food. Furthermore, Customer acknowledges and agrees to comply with all Equipment manufacturer's specifications and product dispensing and preparation instructions and specifications. No failure by Company to exercise and no delay in exercising any of Company's rights hereunder will operate as a waiver thereof, nor will any single or partial exercise of any right hereunder preclude any other or further exercise thereof or of any other rights. This Lease constitutes the entire agreement of the parties and supersedes all prior oral and written agreements between the parties governing the subject matter of this Lease; provided, however, that if Company and Customer have entered into an agreement into which this Lease is incorporated, to the extent that any of the terms in this Lease conflict with the terms set forth in that agreement, the terms of that agreement will control. No agreement will be effective to amend this Lease unless such agreement is in writing and signed by the party to be charged thereby. Any notices permitted or required by this Lease will be in writing and mailed by certified mail or hand delivered, addressed to the respective addresses of the parties. All claims, actions or suits arising out of the Lease will be litigated in courts in either the State of Georgia or in the state of Customer's principal place of business. Each party hereby consents to the jurisdiction of any local, state or federal court located within the State of Georgia and/or the state of Customer's principal place of business, and designates the Secretary of State of the State as its agent for service of process. THIS LEASE WILL BE GOVERNED BY THE LAWS OF THE STATE OF GEORGIA. Time is of the essence to each and all of the provisions of this Lease.

EXHIBIT 5
COCA-COLA FREESTYLE

1. **FREESTYLE:** Freestyle Dispensers combine ingredients (microdosed beverage components, beverage mixes and flavors stored in cartridges and nutritive and non-nutritive sweeteners stored in bag-in-boxes and/or cartridges) to create a wide variety of branded fountain beverages.

2. **PRICING AND ORDERING OF INGREDIENTS:**

   a. Customer will purchase the ingredients for the Freestyle Dispensers from Company or its authorized distributors, at Company's then-current chain account prices, which are subject to change from time to time.

   b. Company agrees that the over-all pricing for the ingredients available for purchase in the 48 contiguous United States and the District of Columbia in a given calendar year except for HFCS Sweetener will not increase in the next calendar year by more than the pricing at the end of the given year increased by the greater of: (i) 4%; or (ii) a percentage determined for that calendar year by the following calculation based upon changes to the Consumer Price Index for Food Away From Home as published by the Department of Labor ("**CPI**"). See Note in **Exhibit 5-2**. Company will calculate the difference between (i) the monthly average of the CPI for the most recent prior October through September period ("**CPI Most Recent Average**") and (ii) the second most recent October through September period ("**CPI Second Most Recent Average**"). Company will then calculate what the percentage of this difference is as compared to the CPI Second Most Recent Average. See Example 1 in **Exhibit 5-2**. The published CPI can be found at: http://www.bls.gov/cpi/tables.htm. If the Department of Labor discontinues publishing the CPI or materially changes the CPI, then Company will establish a different price ceiling methodology to be determined in its sole discretion.

   c. Company agrees that the pricing for HFCS Sweetener purchased in the 48 contiguous United States and the District of Columbia in any given calendar year will be determined as follows. Company will calculate the difference between the monthly average of the Producer Price Index for Corn Sweetener as published by the Department of Labor ("**PPI**") for (i) the most recent prior October through September period ("**PPI Most Recent Average**") and (ii) the second most recent October through September period ("**PPI Second Most Recent Average**"). Company will then calculate what the percentage of this difference is as compared to the PPI Second Most Recent Average. If the percentage is positive (i.e., the PPI Most Recent Average was greater than the PPI Second Most Recent Average), then Company will not increase its HFCS Sweetener pricing in the given calendar year over the prior calendar year's most recent pricing by more than this percentage. If the percentage is negative (i.e., the PPI Most Recent Average was less than the PPI Second Most Recent Average), then Company will decrease its HFCS Sweetener pricing in the given calendar year by this percentage compared to the prior calendar year's most recent pricing. See Example 2 in **Exhibit 5-2**. The published PPI can be found at: http://www.bls.gov/ppi/ppi_dr.htm. If the Department of Labor discontinues publishing the PPI or materially changes the PPI, or if Company uses a different nutritive sweetener than HFCS, then Company will establish a different pricing methodology for its nutritive sweetener to be determined in its sole discretion.

   d. Company will make available one or more means of ordering ingredients, subject to the Company's terms for each such means of ordering. The means of ordering may include: (i) placing orders on-line using Company approved forms of payment (currently via credit card or auto draft) at http://cokesmart.com (ii) an automated ordering system or (iii) ordering through distributors. Shipping charges may apply. Freestyle orders fulfilled directly by Company are subject to the terms attached as **Exhibit 5-1**. Orders fulfilled by distributors are also subject to additional terms offered by each distributor. The means and terms of ordering ingredients are subject to change from time to time.

3. **FUNDING:** If Customer receives equipment leased without charge or free service under the Agreement, Company will create a fund ("**Freestyle Operations Fund**") for each installed Freestyle Dispenser. The amount of the Freestyle Operations Fund is set forth in **Exhibit 5-2**. The Freestyle Operations Fund (a) will be controlled by Company, (b) will be earned on a pro rata basis; and (c) will only be applied against any Program Fees that may be due but not as a discount off the Program Fee and will not reduce any sales tax associated with the Program Fee.

4. **PROGRAM FEE:** Customer will pay Company its then current chain account monthly program fee per Freestyle Dispenser ("**Program Fee**") plus applicable sales tax. The base Program Fee for any particular type of Freestyle Dispenser will not increase during the term of the Agreement above the then current amount for that particular type of Freestyle Dispenser. The base Program Fee includes the rent for the Freestyle equipment and mechanical reactive service (including parts and, if a Freestyle Dispenser cannot be repaired in the reasonable judgment of Company, the replacement of the Freestyle Dispenser), standard wireless connectivity and standard consumption data. Company agrees that it will offer a base Program Fee throughout the Term and that the base Program Fee will provide the basic functionality to operate a Freestyle Dispenser. The Program Fee will be deducted from earned funding or paid using Company approved forms of payment. If Program Fees are deducted from earned funding, Program Fees in excess of earned funding will be invoiced or paid using Company approved forms of payment. Customer may be eligible for a tax exemption in certain states. **Tax exemption certificates are available for Texas, Ohio and Indiana at http://www.cokesmart.com/forms_unlogged.htm.**

5. **COOPERATION:** Customer agrees to implement mutually agreed upon merchandising. Customer will make available the Company's then current standard Freestyle brand set and digital content on all Freestyle Dispensers.

6. **EQUIPMENT:** Customer will lease the Freestyle Dispensers from Company subject to the terms of the Lease. Rent is included in the Program Fee. Customer must have and maintain a water filtration system that meets Company's water treatment standards. Company may install and maintain such a filtration system, at Customer's expense, if Customer fails to do so. Customer will not change or alter the appearance of the Freestyle Dispensers (including placing decals on the Freestyle Dispensers).

7. **SERVICE:** Customer agrees to use the Company Service Network for any mechanical reactive service required for the Freestyle Dispensers and to first attempt to solve any equipment service related issues by using Company's Phone Fix® service. There will be no charge for mechanical reactive or reasonable preventative service, which is included in the Program Fee. Special Service Calls will be charged at Company's then-current service rate. If Customer elects to use soft ice (i) Customer will be responsible for addressing any soft ice dispensability issues such as bridging and clumping (ii) Company may change its recipes for some or all Freestyle brands to address the faster product dilution caused by soft ice and (iii) Customer acknowledges that these recipe changes may increase Customer's cost of goods.

8. **EQUIPMENT INSTALLATION AND REMOVAL:** The number of Freestyle Dispensers and the outlets where they will be installed will be mutually agreed to by the parties. Company will be responsible for installing the Freestyle Dispensers. Customer will be responsible for modifying the site (e.g., cabinetry, countertop, walls, flooring, plumbing and electrical work) as required to accommodate (a) the installation of the Freestyle Dispenser and (b) if necessary, the removal of that Freestyle Dispenser and reinstallation of Legacy Dispensers. Customer will also be responsible for any additional equipment (e.g., ice makers and water filtration) that may be required. Only ice makers approved by Company may be used. Company may require Customer, at its expense, to apply approved shrouding to certain ice makers with a footprint larger than the Freestyle Dispenser to improve aesthetics. If (i) this Agreement is signed on or before December 31, 2017 (ii) Customer converts an existing outlet with a legacy dispenser (new outlets, outlets that were not previously pouring fountain beverages and outlets converting from other Freestyle dispensers are ineligible) to a Freestyle dispenser on or before March 31, 2018 (iii) funding is still available from Company at that time on a first come first serve basis and (iv) the parties mutually agreed to do so: Company will provide Customer with an "**Conversion Fund**" of $1,000 for each such outlet in which 7000 Freestyle dispensers are installed, and $2,000 for each such outlet in

which 8000/9000 Freestyle dispensers are installed, between the start of the Term and March 31, 2018. Company is willing to provide the Conversion Fund in anticipation of the Customer continuing to use Freestyle Dispensers in the outlets for a total of at least 3 years. Therefore, if the lease on any Freestyle Dispenser in an outlet receiving such funding expires or is terminated prior to 3 years from the installation of such Freestyle Dispenser, Customer will pay Company a pro rata portion (based on the days remaining in such 3 year period divided by 1095 days) of the Conversion Fund provided by the Company for that outlet.

9. ACCESS TO COMPUTER SYSTEMS: The Freestyle Dispensers connects and sends reports to computer systems at Company. Customer will not take any actions to disable or interfere with these connection and reporting features. Any Use of Company's computer systems is subject to the terms attached as **Exhibit 5-3**. Company will be using wireless communications to establish this connection and the fee for this, where available through Company's provider, is included in the Program Fee. Customer is responsible for providing comparable connectivity if wireless communications are not available through Company's provider and Customer bears all risks associated with Company's use of any such connectivity.

10. PRIOR FREESTYLE AGREEMENTS: The terms of this Agreement will supersede any prior agreement between the parties concerning Freestyle and all Freestyle Dispensers installed in the Customer's outlets in the past, present and future will be governed by the terms of this Agreement.

EXHIBIT 5-1
TERMS OF SALE

The following are the terms between Company and Customer relating to the products or services (collectively "**Products**") provided in connection with Freestyle. These terms prevail over terms contained in Customer's purchase order or other communications from Customer that are not accepted in writing by Company as provided herein. No modification, waiver or discharge of these terms or of any of its terms will bind either party unless in writing and signed by officers of both parties.

1. **CONSENT TO ELECTRONIC TRANSACTION AND COMMUNICATIONS**. By virtue of placing orders for Products, Customer agrees to conduct business electronically, where applicable, and to be bound by these terms. Customer agrees that all agreements, notices, disclosures and other communications that Company provides electronically, whether in website content or e-mail, satisfy any and all legal requirements that such communications be in writing.

2. **PAYMENT, INTEREST AND FEES**. Unless otherwise agreed in writing, payment in full for Products is due at the time of ordering. Company will submit such payments for processing at the time Products are shipped. All payments must be made by their due date as a condition precedent to future orders or deliveries.

3. **PRICES**. Orders are filled at prices prevailing at time of shipment. Company is not responsible for pricing or typographical errors related to Customer's purchase and Company reserves the right to cancel any orders resulting from or including such errors.

4. **TRANSFER OF TITLE**. Title to the Products will pass when delivered to Customer at the "ship to" address stated on the front of each invoice ("**Customer's Address**"). Delivery will be acknowledged by a signed and dated bill of lading.

5. **DELIVERY**. Unless otherwise agreed in writing, delivery of Products will be handled as set forth at http://cokesmart.com. Company reserves the right to require specific order quantities (e.g., full case orders) and make delivery in severable lots, and all such lots will be separately invoiced and paid for when due, without regard to subsequent deliveries. Delay in delivery of any lot will not relieve Customer of its obligation to accept remaining deliveries. The acceptance by Customer of shipment upon arrival of the Products at Customer's Address will constitute delivery to Customer.

6. **INSPECTION**. Customer must inspect the Products immediately on its delivery to Customer's location, and within 2 business days after delivery, give notice to Company if Customer believes that the Products is not in accordance with these terms. If Customer fails to give such notice, the Products will be deemed to be in all respects in accordance with these terms, and Customer will be bound to accept and pay for the Products in accordance with these terms. Customer may reject the Products only if any variance from these terms is material. All claims are deemed waived unless made in writing and received by Company within 15 days after Customer discovers the alleged defect.

7. **TAXES**. Customer may be eligible for a tax exemption. **Tax exemption certificates are available at http://www.cokesmart.com/forms_unlogged.htm. A tax exemption certificate must be submitted to Company for all purchases delivered by Company (e.g., not by a distributor).**

Customer Initials _____

EXHIBIT 5-2
PRICING EXAMPLES AND FUNDING

1. NOTE

Compliance with the price assurance provisions of Section 2(b) will be determined for each model of Freestyle Dispenser separately (but combining models that in the reasonable opinion of Company are similar, such as the self-serve and crew serve versions of the same Freestyle Dispenser, e.g., 8000 and 9000) and will be based on average consumption data of all ingredients across all of Company's customers in the 48 contiguous United States and the District of Columbia for the most recent prior October through September period. Accordingly, it is theoretically possible that, based on its particular consumption patterns, an individual customer's price increase could slightly exceed the higher of 4% or CPI for Food Away from Home.

2. PRICING EXAMPLES

Example 1

For example, to determine this percentage for 2016, Company would determine the monthly average of the CPI for October 2014 through September 2015 (by adding the CPI for each of the 12 months and dividing by 12). For this example, assume this average is 235.07. Company would do the same for the period from October 2013 through September 2014. Assume for this example this average is 232.49. Company would then take the difference between these two averages and divide by 232.49 to calculate this percentage for 2016. In this example, the percentage would be positive 1.1% and therefore Company would not increase 2016 pricing for the ingredients other than HFCS Sweetener by more than 4% over the most recent pricing in 2015 (since 4% is greater than 1.1%).

Example 2

For example, to determine HFCS Sweetener pricing for 2016, Company would determine the monthly average of the PPI for October 2014 through September 2015 (by adding the PPI for each of the 12 months and dividing by 12). For this example, assume this average is 202.73. Company would do the same for the period from October 2013 through September 2014. Assume for this example this average is 197.78. Company would then take the difference between these two averages and divide by 197.78 to calculate the percentage price increase or decrease applicable in 2016. In this example, the percentage would be positive 2.5% and therefore Company would not increase 2016 pricing for HFCS Sweetener by more than 2.5% over the most recent HFCS Sweetener pricing in 2015.

3. FUNDING

Freestyle Operations Fund = $20.59 per Freestyle Dispenser per month

EXHIBIT 5-3
ACCESS AND USE TERMS

1. **GENERAL**. Customer agrees that access and use of Company's proprietary network of websites ("**Computer Systems**") by Customer, including any individuals that are granted access through or by Customer, are subject to these terms and all applicable laws.

2. **COMPUTER SYSTEMS SECURITY**

   a. Customer represents that it has read and agrees to ensure that its employees, and anyone else granted access to the Computer Systems, will comply with these terms. Customer will ensure that each workstation that is used to access the Computer Systems has a configuration that meets the following conditions: (i) current commercial anti-virus software is installed and a full system scan is performed; (ii) current operating system patch levels are applied; and, (iii) malicious software and hacker tools are removed or disabled.

   b. Customer will not allow any third parties to access the Computer Systems without the written consent of Company.

   c. Customer's access is provided solely for the legitimate business purposes of Company and Customer. Access to Company's Computer Systems is monitored and recorded. Company will maintain a database that catalogs the duration and scope of the access granted to Customer and the business purpose for such grant. Customer may only access those Computer Systems that Customer is approved by Company to access. Company may terminate Customer's access to the Computer Systems for any misuse of such Computer Systems by Customer or by individuals provided access by or through Customer. Customer is liable for all damages caused by any individual obtaining access to the Computer Systems through the Customer.

3. **INFORMATION CONTAINED IN THE COMPUTER SYSTEMS**

   a. Customer will keep confidential all passwords, user IDs, all data and software programs and any other accessible materials contained in the Computer Systems. These obligations will continue in perpetuity but will not apply to information that is, or subsequently becomes, available to the public through no breach of Customer's obligations hereunder.

   b. Customer will read and comply with the terms and policies that are posted on the Computer Systems from time to time and as they may be amended from time to time. If Customer does not agree to the applicable terms and policies posted on the Computer Systems, Customer will immediately exit the Computer Systems and will not use the Computer Systems. Customer will not transmit any unlawful, threatening, libelous, defamatory, obscene, scandalous, inflammatory, pornographic, or profane material or any material that could constitute or encourage conduct that would be considered a criminal offense, give rise to civil liability, or otherwise violate any law.

4. **PASSWORDS AND SECURITY**. Customer agrees that it is solely and completely responsible for maintaining the confidentiality of Customer logins and passwords. Customer agrees to notify Company immediately of any unauthorized use of its account or other breach of security. Customer agrees that it will be responsible for all activity on its account, whether such activity was initiated by it, by others on its behalf, or by any other means or manner.

5. **DISCLAIMERS**. Customer uses the Computer Systems at its own risk. In no event will Company, and its subsidiaries, affiliates, officers and directors, be liable for any loss, liability, damages, costs or expenses that may arise out of Customer's access to the Computer Systems. "ACCESS TO THE COMPUTER SYSTEMS (AND ANY AND ALL HARDWARE, SOFTWARE AND OTHER COMPONENTS THEREOF) IS PROVIDED TO CUSTOMER "AS IS" WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR NON-INFRINGEMENT.".

6. **DUTY TO REPORT USE AND VIOLATIONS.** Customer will immediately notify Company of any material violation of these terms by anyone granted access through Customer. Upon Company's request, Customer will promptly provide Company with a list of all individuals granted access to the Computer Systems through Customer. Company will have the right to conduct an audit of Customer to confirm Customer's compliance with these terms.

7. **TERMINATION; MODIFICATION**. Company has the right to immediately terminate access granted to any individual through Customer at any time with or without cause. Company may modify these terms at any time upon notice to Customer. If Customer does not wish to continue its access to the Computer Systems under such modified terms, Customer may terminate access by written notice delivered to Company prior to the effective date of the modification.

Customer Initials _____

POS SYSTEM SUPPORT SERVICES AGREEMENT

THIS SERVICE LEVEL AGREEMENT (this "***Agreement***") is made and entered into as of _____ ("***Effective Date***")_by and between **«Z1_First_Name»** «Z1_Last_Name», a «Z1_State_of_Formation» «Z1_Entity_Type», **«Z2_First_Name» «Z2_Last_Name»**, a «Z2_State_of_Formation» «Z2_Entity_Type»**«Z3_First_Name» «Z3_Last_Name»**, a «Z3_State_of_Formation» «Z3_Entity_Type»**«Z4_First_Name» «Z4_Last_Name»**, a «Z4_State_of_Formation» «Z4_Entity_Type»**«Z5_First_Name» «Z5_Last_Name»** ("***Franchisee***") and Schlotzsky's Franchise LLC ("***Company***").

BACKGROUND:

A. Schlotzsky's Franchisor SPV LLC ("***Franchisor***") and Franchisee are parties to that certain Franchise Agreement dated as of the Effective Date for the operation of the Franchised Business ("***Franchise Agreement***").

B. Franchisee is required to have a point of sale system ("***POS System***") for the Franchised Business that satisfies Franchisor's Minimum Specifications.

C. Franchisee is required to obtain support for the POS System from an approved supplier, which may include Franchisor or its affiliates.

D. Franchisee desires to obtain from Company, an affiliate of Franchisor, certain support for the POS System as detailed in this Agreement and Company agrees to provide such support under the terms and conditions set forth in this Agreement.

NOW, THEREFORE, the parties agree as follows:

1. Definitions. Capitalized terms not otherwise defined in this Agreement shall have the meaning ascribed to such term in the Franchise Agreement or below:

    a. "***Designated Personnel***" means the person(s) who request and receive Support Services under this Agreement. As a prerequisite for Company to provide the Support Services, such person(s) should be trained and competent in the general operation of the POS System and may include, for example, a cashier, shift lead, general manager, area manager, director or internal information technology ("***IT***") staff. Company shall not be responsible for determining whether Franchisee has authorized Designated Personnel to request Support Services.

    b. "***Service Start Date***" shall mean the date that Company begins providing the Services, which is estimated to be approximately twelve (12) weeks prior to the anticipated Opening Date of the Franchised Business, as determined and approved by Company.

    c. "***Minimum Specifications***" shall have the meaning set forth in the Manuals, which Franchisor, in its sole discretion, may update from time to time.

    d. "***Support Services Team***" means the person(s) authorized by Company to provide Support Services under this Agreement. Such persons may be contractors or employees of Company or its affiliates.

2. Support Services. Franchisee hereby engages Company to provide help desk services for the POS System and other related support services in accordance with and as more fully described below and in **Schedule A** (collectively, the "***Support Services***"). The Support Services may only be used for the POS System at the Franchised Business. Franchisee agrees to follow the procedures and processes for requesting and receiving Support Services, as set forth in this Agreement, including **Schedule A**.

In the event of any conflict between the terms and conditions of this Agreement and the terms and conditions of **Schedule A**, the terms and conditions of this Agreement shall control. The Support Services will be provided during the hours and days specified in **Schedule A**.

a. Comprehensive Support. Franchisee shall receive Comprehensive Support (as more fully described in **Schedule A**), which shall be subject to the Comprehensive Support Fee (as defined in **Schedule A**).

b. Billable Support. Franchisee may request, and Company may, in its sole discretion, provide Billable Support (as more fully described in **Schedule A**), which shall be subject to the Billable Support Fee.

3. POS System. As a prerequisite for Company to provide the Support Services, the POS System must be in good operating condition and meet the Minimum Specifications (including, without limitation, the standard hardware and software requirements set forth therein). The Support Services do not include support for hardware and software that is not part of the Minimum Specifications. Company will provide Support Services in connection with specific versions of the software identified in the Minimum Specifications, and will not provide Support Services in connection with software that is no longer supported by the software licensor. Franchisee is responsible for implementing temporary procedures or workarounds as necessary to ensure continuous operation of the Franchised Business while Company is providing Support Services. Franchisee is responsible for backing up its files, data and programs and for reconstructing corrupted, lost or altered Franchisee files, data and programs. Company reserves the right, at any time and from time to time during the Term, to make the final judgment, in its sole discretion, as to whether the POS System and Franchisee adequately meet the Minimum Specifications and other prerequisites for Support Services required under this Agreement.

4. Service Fees. Franchisee shall pay Company the Comprehensive Support Fee and/or Billable Support Fee (collectively, the "***Service Fees***"), as applicable, for the Support Services provided by Company. Service Fees are exclusive of, and Franchisee will pay, any applicable sales, use, service, value added or like taxes. In the event of a Franchisee Default (as defined below), Company reserves the right, but not the obligation, to suspend part or all of the Support Services until such Franchisee Default is cured; provided however, that Franchisee shall continue to pay Service Fees, during the Term of the Agreement notwithstanding any suspension of Support Services due to a Franchisee Default.

5. Amendments to **Schedule A**. Company reserves the right, but not the obligation, from time to time, to review the Support Services and Service Fees provided under this Agreement and, in its sole discretion, to amend **Schedule A** to reflect a change in Support Services or Service Fees. Company shall provide Franchisee with notice of any amendment to **Schedule A** via e-mail or update to the Manuals at least ninety (90) days prior to such amendment taking effect.

6. Payment.

a. Electronic Funds Transfer; Payment Date. Payments of Comprehensive Support Fees will be drafted by Franchisor on behalf of Company from Franchisee's Designated Bank Account under Franchisor's electronic funds transfer or draft system ("***EFT***") one time per month on the same day that royalties and other fees due under the Franchise Agreement are first drafted for each month (the "***Payment Date***"). Payments shall commence on the Payment Date of the first (1st) full month following the Opening Date. Time is of the essence in the performance of all payment obligations by Franchisee. Company may change credit or payment terms at any time when, in Company's opinion, Franchisee's financial condition, previous payment record, or the nature of Franchisee's relationship with Company so warrants.

b. Temporary Closure. In the event that the Franchised Business is temporarily closed (as determined and approved by Company), payments of Comprehensive Support Fees for the closed Franchised Business shall be suspended by Company commencing on the Payment

Date of the first (1st) full month following the date such closure begins (as determined and approved by Franchisor) and payment of Monthly Fees shall be reinstated commencing on the Payment Date of the first (1st) full month following the date such closure ends (as determined and approved by Franchisor); provided however, that Company reserves the right to reinstate payments of Monthly Fees during the time of such closure if Franchisee requests and Company provides Support Services during the time of such closure. Franchisee shall be responsible for notifying and receiving Franchisor's approval of any temporary closure.

c. Designated Bank Account. As used herein, the term "***Designated Bank Account***" means the bank account on file with Franchisor for EFT payments required under the Franchise Agreement or Manuals. Franchisee is responsible for maintaining sufficient funds in the Designated Bank Account for all Comprehensive Support Fees due under this Agreement, in addition to any amounts drafted by EFT under the Franchise Agreement and the Manuals. In the event there are insufficient funds in the Designated Bank Account to cover the draft of a payment due hereunder, Company reserves the right to charge Franchisee the return costs charged by Franchisor's bank and an administrative fee to cover Franchisor's and/or Company's cost of addressing the nonpayment. Such administrative fee is in addition to any interest on the amount due.

d. Payment of Billable Support Fees; Interest on Past Due Amounts. Billable Support Fees shall be paid by Franchisee within thirty (30) days of being invoiced by Company. Franchisee must pay Company interest on any amounts past due at the rate of 1.5% per month or portion of month, but not more than the maximum interest rate permitted by applicable law.

7. Franchisee Default. Each of the following shall constitute a default under this Agreement, if not cured within ten (10) days following Franchisee's receipt of a written notice of such default (each a "***Franchisee Default***"): (i) Franchisee fails to pay, when due, any Service Fees; (ii) Franchisee fails to perform its obligations under this Agreement or defaults under any other agreement with Company, Franchisor, and/or each of their respective affiliates, or (ii) Franchisee fails to satisfy and maintain the Minimum Specifications and other pre-requisites for Support Services under this Agreement.

8. Remote-Access Support. Company will provide the Support Services by a support technician over the telephone and remote access to the POS System though Company's or its affiliate's virtual private network or land line phones. Company may install, remove and run diagnostic programs and support tools on the POS System.

9. Exclusions. Support Services provided to Franchisee under this Agreement do not include program development, coding, isolation of coding problems, implementation assistance, data recovery (regardless of the cause of data loss or hardware malfunctions), or any of the exclusions set forth on **Schedule A**.

10. Telecommunication Charges. Franchisee is responsible for all telecommunication charges associated with obtaining the Support Services and obtaining and maintaining contact with Company in order to receive Support Services.

11. LIMITATION OF LIABILITY AND REMEDIES.

a. COMPANY MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE AND, EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT, HEREBY DISCLAIMS ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, (I) ANY WARRANTY OF NON-INFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE SUPPORT SERVICES; (II) THAT THE SUPPORT SERVICES WILL BE UNINTERRUPTED, AND/OR BE FREE FROM ERRORS, INACCURACIES, OR DELAYS; AND (III) THAT COMPANY WILL BE RESPONSIBLE FOR THE ACTS OR OMISSIONS OF

ANY SUBCONTRACTORS OR THIRD PARTIES. USE OF THE SUPPORT SERVICES IS AT FRANCHISEE'S OWN RISK.

b. TO THE EXTENT COMPANY IS HELD LEGALLY LIABLE TO FRANCHISEE, COMPANY'S LIABILITY IS LIMITED TO ACTUAL LOSSES OR DIRECT DAMAGES FOR ANY CLAIM BASED ON A MATERIAL BREACH OF SUPPORT SERVICES, UP TO A MAXIMUM OF SIX (6) MONTHS OF THE SERVICE FEES PAID BY FRANCHISEE FOR THE APPLICABLE SUPPORT SERVICES DURING THE PERIOD OF MATERIAL BREACH.

c. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, IN NO EVENT WILL COMPANY OR ITS AFFILIATES BE LIABLE FOR (I) ACTUAL LOSSES OR DIRECT DAMAGES IN EXCESS OF THE AMOUNTS SET FORTH IN **SECTION 11.b.** ABOVE; (II) DAMAGES RELATED TO LOST REVENUE, SALES OR PROFIT; (III) DAMAGES FOR LOSS OF DATA OR SOFTWARE RESTORATION; (IV) DAMAGES RELATING TO FRANCHISEE'S PROCUREMENT OF SUBSTITUTE SUPPORT SERVICES (I.E., "COST OF COVER"); OR (V) INCIDENTAL, SPECIAL, CONSEQUENTIAL, INDIRECT, PUNITIVE OR CONTINGENT DAMAGES (INCLUDING DOWNTIME COSTS OR LOST PROFITS); IN EACH EVENT EVEN IF COMPANY OR ITS AFFILIATES HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH POTENTIAL LOSS OR DAMAGE.

d. THE REMEDIES IN THIS AGREEMENT ARE FRANCHISEE'S SOLE AND EXCLUSIVE REMEDIES RELATED TO THE SUPPORT SERVICES AND THIS AGREEMENT.

e. THE PROVISIONS OF THIS SECTION 11 SHALL SURVIVE EXPIRATION OR TERMINATION OF THIS AGREEMENT.

12. Term and Termination.

a. The initial term of this Agreement shall commence on the Effective Date and end on the last day of the same calendar year as the Effective Date (the "***Initial Term***"). Thereafter, this Agreement shall renew automatically for successive one-year terms, commencing on January 1 of each calendar year (each, a "***Renewal Term***"), unless earlier terminated as provided in this Agreement.

b. This Agreement shall terminate immediately with respect to the Franchised Business upon the effective date of the termination or expiration of the Franchise Agreement for the Franchised Business.

c. Company may terminate this Agreement for any reason or for no reason by giving written notice of such termination to Franchisee at least sixty (60) day prior to the effective date of such termination.

d. In the event this Agreement is terminated for any reason or expires, Franchisee shall pay Company for all of the Support Services performed prior to the effective date of the termination or expiration to the extent not already paid.

e. In the event Company ceases to offer or provide Support Services to franchisees in the System, on or before the Service Start Date, this Agreement shall automatically terminate.

13. Subcontractors. Notwithstanding anything to the contrary, Company reserves the right and Franchisee consents to Company's use of subcontractors, including Company's affiliates, to assist in the provision of Support Services as Company deems appropriate, without notice to Franchisee.

14. Privacy and Electronic Payment Laws. Franchisee acknowledges that this Agreement shall not reduce or diminish Franchisee's obligations and responsibilities for compliance with (i) privacy laws, standards,

rules, regulations, or any equivalent thereof relating to personal information, data privacy, and data protection; (ii) the Payment Card Industry Data Security Standards enacted by the applicable card associations (as they may be modified from time to time or as successor standards are adopted); (iii) the Fair and Accurate Credit Transactions Act; and (iv) all other standards, laws, rules, regulations or any equivalent thereof applicable to electronic payments that may be published from time to time by payment card companies and applicable to electronic payments.

15. Notices. Except as otherwise provided herein, all notices, statements, requests and demands given to or made upon any party hereto in accordance with the provisions of this Agreement will be given in the manner specified in the Franchise Agreement.

16. Miscellaneous.

    a. Schedules. All appendices and schedules attached to this Agreement are hereby incorporated herein by this reference.

    b. Transfer or Assignment. Except as expressly provided herein, this Agreement may not be assigned by Franchisee without Company's prior written consent including assignment by operation of law and change of control. Any attempted assignment of this Agreement in violation of the preceding sentence will be null and void ab initio. In the event Franchisee sells or transfers the Franchised Business, this Agreement shall terminate and the transferee shall be required to execute Company's then-current form of Service Level Agreement. In the event of an assignment of the Franchise Agreement which has been approved by Franchisor, this Agreement shall be deemed to be assigned to the assignee of the Franchise Agreement and such assignee shall be deemed to have assumed all rights and obligations of Franchisee under this Agreement. Company may assign this Agreement to any person or entity without Franchisee consent. This Agreement will be binding on and inure to the benefit of the parties and their respective successors and permitted assigns.

    c. Company's Independent Obligations. Company's obligations and duties under this Agreement are independent of Franchisor's obligations and duties under the Franchise Agreement. Franchisor shall not be in default of the Franchise Agreement for any breach of this Agreement by Company and any default of Company under this Agreement will not excuse Franchisee's performance of Franchisee's obligations hereunder or under the Franchise Agreement.

    d. Force Majeure. Each party to this Agreement shall be excused from performance of its obligations pursuant to this Agreement (other than the performance of the payment obligations) for any period and to the extent that such party is prevented from performing pursuant hereto, in whole or in part, as a result of delays caused by the other party or an act of God, war, civil disturbance, court order, labor dispute, third party non-performance or other cause beyond its reasonable control, including failures, fluctuations or non-availability of electric power, heat, light, air-conditioning or telecommunications equipment, and such non-performance shall not be a default hereunder. A force majeure event does not include, whether directly or indirectly, economic hardship, changes in market conditions, or insufficiency of funds.

    e. No Waivers. No failure by either party to exercise any power given to it under this Agreement, or to insist upon strict compliance by the other party of any obligation hereunder, and no custom or practice of the parties at variance with the terms of this Agreement will constitute a waiver of the party's right to demand exact compliance with the terms hereof.

    f. Remedies Non-Exclusive. No remedy made available to any party by any of the provisions of this Agreement is intended to be exclusive of any other remedy, and each and every remedy shall be cumulative and in addition to every other available remedy.

g. Severability. Should any provision of this Agreement be declared invalid for any reason, such invalid provisions shall not affect the validity of any other provisions, which other provisions shall remain in force and effect as if this Agreement had been executed with the invalid provisions eliminated.

h. Independent Contractors. Company's relationship to Franchisee with respect to the Support Services shall be that of an independent contractor. Nothing herein shall be construed as creating or implying any partnership, joint venture, or similar relationship between Company and Franchisee. Person(s) providing Support Services under the Agreement shall not, for any purpose, be considered employees or agents of Franchisee. Company will be solely responsible for the supervision, daily direction and control of its employees while such employees are performing Support Services under this Agreement. Neither party hereto has any authority of any kind to bind the other party in any respect whatsoever, nor shall either party hereto act or attempt to act, or represent itself, directly or by implication, as an agent of the other party hereto or in any manner assume or create, or attempt to assume or create, any obligation on behalf of or in the name of the other party hereto.

i. Law; Arbitration; Venue; Jurisdiction. The parties agree that all provisions of this Agreement and any questions concerning its interpretation and enforcement shall be governed by the laws of the State of Georgia, without giving effect to the State's choice or conflicts of law provisions. The execution and delivery of this Agreement shall be deemed to be the transaction of business within the State of Georgia for purposes of conferring jurisdiction upon courts located within the State of Georgia. Unless specifically stated otherwise, this Agreement shall be subject to dispute resolution provisions in the Franchise Agreement and limited liability provisions in the Franchise Agreement; provided, however, for the avoidance of doubt, the limitation of liability provisions in **Section 11** hereof shall also apply.

j. Prior Agreements. This Agreement supersedes any prior agreements, commitments and obligations between the respective parties to this Agreement and related to the subject matter hereof, and any such prior agreement, commitment or obligation is hereby canceled and of no further force or effect; provided, for the avoidance of doubt, the Franchise Agreement shall in no way be deemed superseded or canceled hereby.

k. Modification; Headings. This Agreement may not be altered or modified except by a writing signed by both parties. The Background is a part of this Agreement. Captions used herein are for convenience only, are not a part of this Agreement, and shall not be used in construing this Agreement.

l. Survival. All representations, warranties, covenants and indemnities made herein, and any provisions of this Agreement which by their express terms or very nature should survive expiration or termination of this Agreement shall survive and shall remain in full force and effect following expiration or termination of this Agreement. All of a party's rights and privileges, to the extent they are attributable to events or conditions occurring or existing on or prior to the termination of this Agreement, shall survive the termination of this Agreement and shall be enforceable by such party and its successors and assigns.

m. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same agreement.

n. Limited Recourse. The parties agree that any remedy or recourse available under or related to this Agreement is strictly limited to the parties to this Agreement. No past, present or future director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate, controlling party, entity under common control, ownership or management, vendor, service provider, agent or attorney of either party shall have any liability under this Agreement of or for any claim based on, in respect of, or by reason of, the transactions contemplated hereby and

thereby. The foregoing is not intended to discharge either party from its liability for any breach of this Agreement by its directors, officers, employees, consultants and agents.

o. Entire Agreement. Except as provided in **Section 16.j.**, this Agreement constitutes the entire understanding and agreement of the parties, and no representations, documents, promises or agreements, oral or otherwise, trade usage, or course of conduct between the parties not embodied herein will be of any force or effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties, by their duly authorized representatives, have executed this Agreement as of the date first stated above.

COMPANY:

SCHLOTZSKY'S FRANCHISE LLC

By:_____
Name: **Tim Goodman**
Title: Senior Vice President
Franchise Administration

Date: _____

FRANCHISEE:

«Z1_First_Name» «Z1_Last_Name»
a «Z1_State_of_Formation»
«Z1_Entity_Type»

By:_____
Name: «Signee_1_name»
Title: «Signee_1_title»

Date:_____

Schedule A

A. SUPPORT SERVICES

1. Comprehensive Support

a. **Scope of Support Services:** The Support Services Team will make Franchisor-approved, enterprise-level database changes (e.g., limited time offers, new menu items, and price changes) to the POS System and maintain synchronization between the POS System and any third-party services providers integrated with the POS System, including, for example, providers of online ordering, catering, mobile applications, loyalty programs and delivery services. Additionally, the Support Services Team will provide remote technical support services, including troubleshooting, assistance with resolving acute or chronic technical issues, assistance with configuration issues, correcting database or file corruption issues, restoring functionality, providing consultation, escalating unresolved issues to the appropriate third-party vendor, coordinating field service visits by third party vendors, facilitating introductions to third-party vendors and providing consultation regarding the scope of work of third-party vendors for services beyond the scope of this Agreement. Such Support Services are provided in connection with the Franchised Business' back office system and POS System consisting of Franchisor-required and Franchisor-approved hardware and software including, for example, fileservers, manager workstations, POS terminals, payment processing terminals, routers, kitchen printers and kitchen display systems, digital menu boards, and firewalls.

Comprehensive Support includes access to the ServiceNow Customer Service Portal, which allows the Franchisee to research common issues and self-help solutions, request Support Services and track the status of such requests.

Prior to requesting Comprehensive Support Services, Franchisee and Designated Personnel shall use best efforts to resolve the issue using internal resources and the Service-Now Knowledge Base. Further, Designated Personnel calling for support services should be trained in the general operation of the POS System.

Comprehensive Support does not include: Billable Support, training on use of the POS System or back office system; troubleshooting internet service; hardware maintenance or replacement; support of non-approved software, non-instructional games, audio and video, non-standard screensavers, or internet messaging; and/or assistance with operations or balancing (i.e., over/short, pullback, data entry, etc.).

b. **Service Fee**: $_____ per month ("**Comprehensive Support Fee**").

B. BILLABLE SUPPORT

1. **Scope of Support Services**. Billable Support consists of Support Services that are (i) outside the scope of Comprehensive Support; and (ii) Support Services requested and provided outside of the Hours of Availability set forth in **Section C** of this **Schedule A**. Upon Franchisee's request, Company may, in its sole discretion, provide Billable Support Services.
2. **Service Fee**. $_____ per hour, or any part thereof (4 hour minimum required) ("**Billable Support Fee**").

C. HOW TO REQUEST SUPPORT SERVICES

Method of Contact	Types of Issues or Requests	Hours of Availability[1]	Response Time
Service-Now Self Service Portal (Log in and submit request electronically.) **Or submit an email to support (poshelp@schlotzskys.com)**	Low/Medium Severity	24 hours per day, 7 days per week	Within 8 hours
Telephone Phone: 844-577-7423	High Severity; Critical	24 hours per day, 7 days per week, excluding Thanksgiving Day and Christmas Day	Calls answered live

[1] Hours of availability may be altered at Company's sole discretion.

D. Prioritizing Requests; Target Resolution Timeframe

The Support Services Team will use the following guidelines in prioritizing requests and will strive to provide a work around or resolution to the problem within the target resolution timeframe. The target resolution timeframes shown below are intended as a guideline and not a guarantee of service. Severity level is determined by the impact of the problem to management or business function. Severity governs the resources committed, and time required, to resolve the request. Actual resolutions times may vary depending on the volume and severity of requests received by the Support Services Team at any one time. Once a request or issue is escalated to a vendor, the Support Services Team is waiting on a response, or the resolution is determined to be outside of the Support Services Team control (including replacement of hardware), the request will be considered to be "escalated" and will no longer impact the target resolution timeframes below.

Severity Level	Example of Issue or Request	Target Resolution Timeframe
Critical	All terminals or scanners down; unable to process credit; or online ordering down	4 hours (response within 15 minutes of request)
High Severity	One terminal or scanner down; credit spooling offline; firewall issue; or VoIP phones (for supported stores)	1-2 business days
Medium Severity	Front Counter POS peripherals down; third party printer down; sales or labor reports unavailable; or end-of-day issues	2-3 business days
Low Severity	Additional hardware request; menu maintenance; or general technology inquiries	3-5 business days

EXHIBIT D

INFORMATION ON FRANCHISEES

The names, addresses and telephone numbers of our franchisees and their Restaurants as of December 31, 2022 are as follows:

#	Franchisee	Address	City	State	Zip	Telephone
101788	Pranjal Patel	3456 Ross Clark Circle	Dothan	Alabama	36303	334-447-3437
1465	S & G Hospitality, LLC	103 Inverness Corners	Hoover	Alabama	35242	(205) 991-0035
1451	Kumar Patel	4319 University Dr.	Huntsville	Alabama	35816	(256) 830-6400
1561	Kumar Patel	11120 Memorial Pkwy. SW	Huntsville	Alabama	35803	(256) 650-6300
1532	Kumar Patel	8969 Highway 20	Madison	Alabama	35758	(256) 464-5300
1572	Megha-001, LLC	5055 Carmichael Road	Montgomery	Alabama	36106	(334) 409-9993
1740	DWG Enterprises, LLC	395 N. Litchfield Rd.	Goodyear	Arizona	85338	6239252009x3
1917	DWG Enterprises, LLC	408 W. Juanita Avenue	Mesa	Arizona	85210	(480) 833-6540
1046	KINSWOOD LLC	1520 West Bell Road	Phoenix	Arizona	85023	(602) 472-3500
1444	DWG Enterprises, LLC	4445 East Thomas Road	Phoenix	Arizona	85018	(602) 808-9800
1928	DWG Enterprises, LLC	10070 N. 90th Street	Scottsdale	Arizona	85258	(480) 657-9449
1430	D & J Wheelock's, Inc.	3900 E. Fry Blvd.	Sierra Vista	Arizona	85635	(520) 458-4022
1007	DWG Enterprises, LLC	1401 West Southern Ave.	Tempe	Arizona	85282	(480) 966-7672
1734	SFD Enterprises, LLC	3270 E. Valencia	Tucson	Arizona	85706	(520) 741-2333
1560	Lotz of Bunz LLC	2548 N. College Ave.	Fayetteville	Arkansas	72703	(479) 443-5000
1417	Lotz of Bunz LLC	7010 Rogers Ave.	Fort Smith	Arkansas	72903	(479) 484-7311
102243	Lotz of Bunz LLC	3521 Central Ave.	Hot Springs	Arkansas	71913	5017014533
5060	SANDWICH JOINT LLC	1605 Red Wolf Blvd.	Jonesboro	Arkansas	72401	(870) 336-0660
1004	Schlotco, Inc.	11815 Maralynn Drive	Little Rock	Arkansas	72211	(501) 224-4119
104028	Lotz of Bunz LLC	1012 Hwy. 62 East	Mountain Home	Arkansas	72653	(870) 679-2040
1002	Schlotco, Inc.	3421 John F. Kennedy Blvd.	North Little Rock	Arkansas	72116	(501) 758-2720
1768	Lotz of Bunz LLC	2709 West Walnut	Rogers	Arkansas	72756	(479) 636-9900
104032	Lotz of Bunz LLC	400 Highway 412 West	Siloam Springs	Arkansas	72761	479-427-7087
912	Lotz of Bunz LLC	1919 West Sunset Ave.	Springdale	Arkansas	72764	(479) 751-9800
1196	KTAL, Inc.	129 Arkansas Blvd.	Texarkana	Arkansas	71854	(870) 772-0277
103967	Prashant "Shawn" Patel, Navin "Nick" Patel		White Hall	Arkansas		(903) 278-8506
1013	B&R BreakAway Investments "LLC" of Colorado	2381 N. Academy Blvd.	Colorado Springs	Colorado	80909	(719) 574-0337
1808	HeLew LLC	8310 Razorback Rd.	Colorado Springs	Colorado	80920	(719) 536-0001
2582	YK & Lee, Inc.	4560 Centennial Blvd.	Colorado Springs	Colorado	80919	(719) 528-5678
102148	Fresquez Concessions, Inc.	7680 Wenatchee Street	Denver	Colorado	80249	3033634830
1238	Poarch Ventures, LLC	4212 S. College Ave.	Ft. Collins	Colorado	80525	(970) 226-1711
1790	Ronald Harrison, Jr.	9624 East Arapahoe Road	Greenwood Village	Colorado	80112	(720) 266-5200
1021	Calista Co.	1490 Baxter Street	Athens	Georgia	30606	(706) 543-2518

#	Franchisee	Address	City	State	Zip	Telephone
2651	HAYES EATERIES, LLC	1325 W. Walnut Ave.	Dalton	Georgia	30720	(706) 217-2867
1366	Harideli, Inc.	1625 Pleasant Hill Rd., Ste. 110	Duluth	Georgia	30096	(770) 717-0503
1459	Fortuner LLC	302-A Broad Street S.E.	Gainesville	Georgia	30501	(770) 534-6400
1408	Rajesh Patel, Hina Patel	861 Virginia Ave.	Hapeville	Georgia	30354	(404) 767-0012
103625	Royal Seven J's LLC	2679 Hwy 16 W	Jackson	Georgia	30233	(470) 488-0285
1375	Sankatamaa LLC	3000 Windy Hill Rd., Ste. A-10	Marietta	Georgia	30067	(770) 953-8400
2013	N & S Deli, LLC	2771 West Highway 54	Peachtree City	Georgia	30269	(770) 742-0566
4925	Suwanee Deli LLC	2941 Lawrenceville Suwanee Road	Suwanee	Georgia	30024	(678) 765-6336
1780	Shivam Restaurant, Inc.	9040 Hwy 92, Ste. 130	Woodstock	Georgia	30188	(770) 591-5875
104044	TARNAV LLC	3056 Anna Marie Lane	Naperville	Illinois	60564	(757) 746-3618
104026	Lotz of Bunz LLC	2560 N. Rock Road	Derby	Kansas	67037	(316) 243-9123
1901	LOTZKC, INC.	12221 S. Strangline Road	Olathe	Kansas	66062	(913) 782-2867
2785	LOTZKC, INC.	12071 Metcalf Avenue	Overland Park	Kansas	66213	(913) 498-2867
1813	Lotz of Bunz LLC	2480 S. 9th St.	Salina	Kansas	67401	(785) 823-6824
1026	Mechtley Enterprises, Inc.	2019 Gage	Topeka	Kansas	66604	(785) 273-4313
1028	Mechtley Enterprises, Inc.	400 S.W. 29th St., Ste. Z	Topeka	Kansas	66611	(785) 267-2468
962	Lotz of Bunz LLC	8710 West Central	Wichita	Kansas	67212	(316) 425-7720
1029	Lotz of Bunz LLC	1334 W. Pawnee	Wichita	Kansas	67213	(316) 265-5240
1030	Lotz of Bunz LLC	6507 E. Central, #85	Wichita	Kansas	67206	(316) 687-3206
103237	Lotz of Bunz LLC	2692 Greenwich Ct.	Wichita	Kansas	67226	(316) 364-4332
1814	Calpare, Inc.	117 West Tiverton Way	Lexington	Kentucky	40503	(859) 245-1624
1844	Zagata, Inc.	10531 Fischer Park Dr.	Louisville	Kentucky	40241	(502) 425-8447
6326	Houchens Food Group, Inc.	619 S. Main Street	Smith's Grove	Kentucky	42171	(270) 563-5250
1863	LG2, LLC	959 MacArthur Drive	Alexandria	Louisiana	71303	(318) 445-3354
1031	CAJUN DEAUX, INC.	3570 Pinhook Rd.	Lafayette	Louisiana	70508	(337) 837-5255
1033	Kitchen Enterprises, Inc.	94 South 20th	Battle Creek	Michigan	49015	(269) 964-8677
1248	Kitchen Enterprises, Inc.	14 West Michigan Avenue	Battle Creek	Michigan	49017	(269) 963-2526
1745	Kitchen Enterprises, Inc.	6044 B Drive North	Battle Creek	Michigan	49014	(269) 979-2340
1750	Stephen Hogan	2451 Lakeland Drive	Flowood	Mississippi	39232	(601) 939-1449
100325	Lotz Better Deli LLC	205 Colony Way	Madison	Mississippi	39110	(601) 707-5169
103041	LOTZKC, INC.	800 SW Eastbound US 40 Hwy.	Blue Springs	Missouri	64014	(816) 295-6852
102469	Capitol Food Group, LLC	3724 W. 76 Country Blvd.	Branson	Missouri	65616	(417) 320-6368
1493	Duncan Enterprises, Inc.	531 Rangeline Road	Joplin	Missouri	64801	(417) 659-8822
2915	Duncan's Southtown L.L.C.	3120 S. Main St., Suite 13	Joplin	Missouri	64804	(417) 626-7597
101438	LOTZKC, INC.	190 NE Tudor Rd.	Lee's Summit	Missouri	64086	(816) 554-4574
103043	LOTZKC, INC.	2023 W. Foxwood Drive	Raymore	Missouri	64083	(816) 245-7355
1491	Deli Lamba, Inc.	4132 S. Campbell	Springfield	Missouri	65807	(417) 889-2445
1729	Lotz of Bunz LLC	1316 North Glenstone	Springfield	Missouri	65802	(417) 868-8188
1067	Velna, Inc.	5119 West Charleston	Las Vegas	Nevada	89146	(702) 877-8768
4781	SS Deli, LLC	3850 Las Vegas Blvd. South	Las Vegas	Nevada	89109	(702) 987-8414

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1052	Proseta, Inc.	4717 Menaul Blvd. NE, Suite A	Albuquerque	New Mexico	87110	(505) 883-0609
2066	Food Franchise Corporation of America, LLC	6001 San Mateo Blvd. Ste G5	Albuquerque	New Mexico	87109	(505) 881-6549
102147	Fresquez Concessions, Inc.	2200 Sunport Blvd	Albuquerque	New Mexico	87106	(505) 842-4280
1214	Mariposa Properties, Inc.	484 East 20th St.	Farmington	New Mexico	87401	(505) 327-2722
1952	Great Buns, LLC	1710 W. Joe Harvey Blvd.,	Hobbs	New Mexico	88240	(575) 492-9852
1686	Food Franchise Corporation of America, LLC	1701 Rio Rancho Dr.	Rio Rancho	New Mexico	87124	(505) 891-3131
1062	C & G Elevated, LLC	2812 Sudderth Drive	Ruidoso	New Mexico	88345	(575) 257-7811
1255	Food Franchise Corporation of America, LLC	3401 Cerrillos Road	Santa Fe	New Mexico	87501	(505) 474-3711
1654	Yellow Canoe, LLC	906 U. S. Highway 64 West	Apex	North Carolina	27523	(919) 462-9481
5266	Southeast Energy, L.L.C.	377 Long Shoal Road	Arden	North Carolina	28704	(828) 676-3608
2146	Yellow Canoe, LLC	131 North McPherson Church Road	Fayetteville	North Carolina	28303	(910) 867-6519
2143	J. Franklin, LLC	3735 East Franklin Blvd.	Gastonia	North Carolina	28056	(704) 824-3611
2595	Woodcock Investments, Inc.	3335 Dr. M L King, Jr. Blvd.	New Bern	North Carolina	28562	(252) 638-2508
1762	BNS Foods, LLC	2000 North 12th Street	Bismarck	North Dakota	58501	(701) 221-2446
104150	Ryan Seeger, James Hensyel	1310 25th St. S.	Fargo	North Dakota	58103	(701) 540-4305
1719	RUKIEH ENTERPRISES, LLC	1419 Reynolds Road	Maumee	Ohio	43537	(419) 893-9266
100227	zBest Edmond Deli, LLC	628 W. Danforth	Edmond	Oklahoma	73003	(405) 696-0500
102170	Charu LLC	3314 S. Broadway	Edmond	Oklahoma	73103	(405) 471-5799
4466	zBest Enid Deli, LLC	5229 W. Owen K. Garriott Road	Enid	Oklahoma	73703	(580) 234-5059
2442	DLJ Foods 2, LLC	2400 S. Air Depot	Midwest City	Oklahoma	73110	(405) 455-5988
2445	DLJ Foods, Inc	633 SW 19th Street, Suite 104	Moore	Oklahoma	73160	(405) 703-8400
101299	SKS Partners IV LLC	737 East State Highway 152	Mustang	Oklahoma	73064	(405) 741-2936
101508	DLJ Foods 7, LLC	1000 E. Alameda Street	Norman	Oklahoma	73071	(405) 310-2061
101297	SKS Partners III LLC	201 S. MacArthur Blvd. Suite A	Oklahoma City	Oklahoma	73128	(405) 493-9979
102740	Capitol Food Group, LLC	495 N. Owasso Expressway	Owasso	Oklahoma	74055	(918) 928-4577
4464	zBest Ponca Deli, LLC	813 E. Prospect Avenue	Ponca City	Oklahoma	74601	(580) 749-5246
104266	Capitol Food Group, LLC	141 Alexander Blvd.	Sand Springs	Oklahoma	74063	(918) 928-4577
101298	SKS PARTNERS LLC	4020 N. Kickapoo St.	Shawnee	Oklahoma	74804	(405) 788-4837
4462	zBest Management, Inc.	310 N Perkins Rd	Stillwater	Oklahoma	74075	(405) 624-0807
104270	Capitol Food Group, LLC		Tulsa	Oklahoma	74464	(918) 928-4577
101300	SKS Partners II LLC	12860 NW 10th St.	Yukon	Oklahoma	73099	4054674793
1674	John Luhmann	62080 N.E. 27th Street	Bend	Oregon	97701	(541) 317-5980
1410	Rubicon Ventures I, LLC	603 East Greenville St.	Anderson	South Carolina	29621	(864) 328-9851
100822	J Knox, LLC	1305 Knox Abbott Drive	Cayce	South Carolina	29033	(803) 828-4520
1483	J. Bush River, LLC	529 Bush River Road	Columbia	South Carolina	29210	(803) 798-1775
1881	J. Palmetto, LLC	1935 West Palmetto Street	Florence	South Carolina	29501	(843) 673-0777
1665	Carolina Expressions, Ltd.	103 Old Boiling Springs Road	Greer	South Carolina	29650	(864) 234-1449
1551	Carolina Expressions Seneca, Ltd.	1598 Sandifer Blvd.	Seneca	South Carolina	29678	(864) 885-9800

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1894	Cool Sandwiches, L.L.C.	1708 Galleria Blvd.	Franklin	Tennessee	37067	(615) 778-0100
1091	Byung Na, Og Na	4758 Poplar Avenue	Memphis	Tennessee	38117	(901) 763-0741
1093	T&C Hospitality, LLC	4518 South 14th St.	Abilene	Texas	79605	(325) 695-2021
2142	T&C Hospitality, LLC	1018 N. Judge Ely Blvd.	Abilene	Texas	79601	(325) 672-9500
6560	Theodis Rolfe	3740 Beltline Road, Suite 117-A	Addison	Texas	75001	(972) 807-6793
1885	Albert Restaurant Group, LLC	502 West McDermott Drive	Allen	Texas	75013	(972) 396-7278
1095	Shreeji 1095, Inc	3440 Bell St., Ste. 322	Amarillo	Texas	79109	(806) 353-7859
1096	Shreeji 1096, Inc	1619 Kentucky, Ste. 1350	Amarillo	Texas	79109	(806) 359-4445
1441	Shreeji 1441, Inc	1612 S. Ross St.	Amarillo	Texas	79102	(806) 374-5513
6680	Robert Hurst	215 S. Palestine Street	Athens	Texas	75751	(903) 677-0202
1107	Jam Deli, Inc.	111 W. William Cannon Drive, Ste. 202	Austin	Texas	78745	(512) 462-2222
2902	Albert Restaurant Group, LLC	6301 W. Parmer Lane, Suite 608	Austin	Texas	78729	(512) 918-2867
101578	Michael Thomas, Joanne Thomas	8900 S. Congress Avenue	Austin	Texas	78748	512-462-2222
1709	PRB Enterprises, Inc.	492 State Highway 71 West	Bastrop	Texas	78602	(512) 332-2867
1159	JHK BAYTOWN LLC	4010 Garth Road	Baytown	Texas	77521	(281) 420-1557
100491	Akil Momin	5490 N. Hwy. 146	Baytown	Texas	77523	(281) 918-0230
1796	J. Walker Enterprises, LLC	4080 N. Dowlen Road	Beaumont	Texas	77706	(409) 924-9991
101453	Albert Restaurant Group, LLC	3944 S. FM 620	Bee Cave	Texas	78738	(737) 209-0123
964	Shreeji 0964, Inc	1012 East 2nd Avenue	Belton	Texas	76513	(254) 939-8300
101495	Albert Restaurant Group, LLC	1445 S. Main Street	Boerne	Texas	78006	(830) 331-7424
2538	MIKMIL, Inc.	2606 Hwy 36 South	Brenham	Texas	77833	(979) 421-6340
1761	Ednel, Inc.	919 North Fisk	Brownwood	Texas	76801	(325) 643-6661
3613	7-Eleven, Inc.	125 N. FM 1626	Buda	Texas	78610	(512) 295-0247
3718	Shreeji 3718, Inc.	705 SE Wilshire Boulevard	Burleson	Texas	76028	(817) 295-5606
100858	Robert Hurst	17279 Interstate 20 Service Road	Canton	Texas	75103	(903) 567-5000
1323	Shreeji 1323, Inc	901 S. 23rd.	Canyon	Texas	79105	(806) 655-2867
2277	Shreeji 2277, Inc.	3328 East Hebron Parkway	Carrollton	Texas	75010	(972) 820-7111
6810	Van Scoit AM Restaurants LLC	2661 Midway, Ste. 239	Carrollton	Texas	75006	972-733-7283
103211	Mardana LLC	3101 E. Whitestone Blvd.	Cedar Park	Texas	78613	(512) 456-7878
2666	Bluebird Acquisitions LLC	1216 W. Henderson	Cleburne	Texas	76033	8176456677
932	Skyeo, Inc.	507-E I-45 North, Suite E	Conroe	Texas	77301	(936) 441-2867
2751	Albert Restaurant Group, LLC	135 S. Denton Tap Road	Coppell	Texas	75019	(972) 393-3233
1116	Shreeji 1116, Inc	#80 Cove Terrace	Copperas Cove	Texas	76522	(254) 542-1107
1118	BLG Deli, Ltd.	5805 Weber Road	Corpus Christi	Texas	78415	(361) 855-7011
1120	BLG Deli, Ltd.	4218 South Alameda	Corpus Christi	Texas	78412	(361) 992-2850
1122	BLG Deli, Ltd.	11326 Leopard Street	Corpus Christi	Texas	78410	(361) 241-4444
103181	BLG Deli, Ltd.	5630 Saratoga Blvd.	Corpus Christi	Texas	78414	(361) 444-5740
2539	Cagnon Cuisine, LLC	3101 Mountain Drive	Corsicana	Texas	75109	(903) 641-2867
100322	KRMIL, INC	20521 Cypresswood Drive	Cypress	Texas	77433	(281) 758-3999

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1128	MAMRE Inc.	3335 W. Wheatland Road	Dallas	Texas	75237	(214) 339-9784
1134	Southwestern Restaurant Associates, L.P.	1152 Buckner #124	Dallas	Texas	75218	(214) 324-4584
1807	Albert Restaurant Group, LLC	8235 North Stemmons Freeway	Dallas	Texas	75247	(214) 630-9944
2281	Albert Restaurant Group, LLC	3903 Gaston Avenue	Dallas	Texas	75077	(214) 954-7558
3801	Shreeji 3801, Inc.	19160 Preston Road	Dallas	Texas	75252	(972) 996-1152
6547	GMR Partners, LLC	3124 Regency Lane	Denison	Texas	75020	(903) 462-4592
2750	Albert Restaurant Group, LLC	416 West University Drive	Denton	Texas	76209	(940) 565-1900
100394	Albert Restaurant Group, LLC	1025 Cannon Drive, Suite 101	Dripping Springs	Texas	78620	(512) 894-2043
103425	LOTZAPAN, LLC	1704 W. University Blvd.	Edinburg	Texas	78539	(956) 994-9966
101239	TCB II Restaurant Management, LLC	3261 Joe Battle Blvd.	El Paso	Texas	79936	915-591-1389
103385	Fresquez Concessions, Inc.	6701 Convair Road	El Paso	Texas	79925	(915) 779-7900
6812	PRB Enterprises, Inc.	1131 W. Hwy 290	Elgin	Texas	78621	(512) 285-2867
101448	Sichem, Inc.	400 N. I-45, Suite 100	Ennis	Texas	75119	(972) 800-0510
1460	Van Scoit Group, L.L.C.	2323 West Airport Freeway	Euless	Texas	76040	(817) 571-2511
2742	Albert Restaurant Group, LLC	2830 State Highway 121	Euless	Texas	76039	(817) 399-8100
1900	1900 Shreeji, Inc.	13881 Midway Road	Farmers Branch	Texas	75244	(972) 239-8002
862	Albert Restaurant Group, LLC	3851 Long Prairie Road	Flower Mound	Texas	75022	(972) 899-8130
2583	Lotz of Bunz LLC	750 E. Hwy 80, Suite 100	Forney	Texas	75126	(972) 552-9474
1140	Shreeji 1140 Management, Inc	6000 Camp Bowie Blvd.	Fort Worth	Texas	76116	(817) 732-3021
1146	Monique Enterprise, Inc.	6204 McCart Avenue	Fort Worth	Texas	76133	(817) 294-8601
2107	New Alliance Restaurants, LLC	2410 Westport Parkway	Fort Worth	Texas	76177	(817) 439-1919
3716	Shreeji 3716 Management, Inc	3530 North West Center Drive	Fort Worth	Texas	76135	(817) 882-6885
1387	FIYI DEVELOPMENT, INC.	109 East Parkwood	Friendswood	Texas	77546	(281) 996-5483
2555	Albert Restaurant Group, LLC	3887 Preston Road	Frisco	Texas	75034	(972) 731-8780
2746	Sichem, Inc.	201 N. Interstate 35	Gainesville	Texas	76240	(940) 668-0997
4608	refectio LLC	500 Seawall Boulevard, Ste. 410	Galveston	Texas	77550	(409) 763-6173
100303	refectio LLC	2705 61st Street, Suite H	Galveston	Texas	77551	(832) 582-8854
1760	Denshele LLC	601 S. IH-35	Georgetown	Texas	78626	(512) 868-1244
100895	Lotz of Bunz LLC	720 U.S. Highway 271 N.	Gilmer	Texas	75644	(903) 680-3354
1850	Bluebird Acquisitions LLC	1100 Waters Edge Drive	Granbury	Texas	76048	8175739909
1362	Kil Soo Kim	795 Small Hill Drive	Grand Prairie	Texas	75050	(972) 263-2370
1525	Van Scoit Group, L.L.C.	2035 N. Highway 360	Grand Prairie	Texas	75050	(817) 617-2178
1554	Shreeji 1554, Inc.	1801 S. Main Street	Grapevine	Texas	76051	(817) 424-5201
1716	Pramukh Vandan, Inc.	6834 South Wesley	Greenville	Texas	75402	(903) 454-6164
1730	SCCS Corporation	6360 North Beach	Haltom City	Texas	76137	(817) 428-6448
2449	2499 Shreeji, Inc	103 West Central Texas Expressway	Harker Heights	Texas	76548	(254) 680-2869
100855	Lotz of Bunz LLC	419 U.S. Highway 79 South	Henderson	Texas	75654	(903) 722-2053
1149	Cagnon Marketing International Co., Inc.	200 IH 35 N.W.	Hillsboro	Texas	76645	(254) 582-5155

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981	Neward Phan	8751 Highway 6 South, Suite Z	Houston	Texas	77083	(281) 530-2345
1156	refectio LLC	8200 S. Main St. Suite 100	Houston	Texas	77025	(713) 665-0011
1165	Jessica Ahn, Soonhee Ahn, Leah Ahn	4001 Richmond Ave Suite A	Houston	Texas	77027	(713) 661-6852
1166	HAPPY SANDWICH LLC	14510 Memorial Dr.	Houston	Texas	77079	(281) 493-9778
1215	ME & J Investment, LLC	1521 Bay Area Blvd.	Houston	Texas	77058	281-204-9244
1450	KayLinh Inc.	8254 Highway 6 North	Houston	Texas	77095	(281) 550-1734
1574	FIYI DEVELOPMENT, INC.	12720 Featherwood	Houston	Texas	77034	(281) 484-7600
1661	FIYI DEVELOPMENT, INC.	12485 Westheimer Road	Houston	Texas	77077	(281) 558-2867
2670	YKC Deli Inc	76 Yale Street	Houston	Texas	77007	(713) 880-0505
2916	VaDu Corporation	6127 Westheimer Road	Houston	Texas	77057	(713) 974-2867
3413	ABA FOOD BRANDS, LLC	815 Walker Street #T-26	Houston	Texas	77002	(713) 225-3354
4879	AWCI, LLC	9746 Katy Freeway Suite 700	Houston	Texas	77055	(713) 467-6565
100253	AMSUN LLC	12142 Greenspoint Dr.	Houston	Texas	77060	(832) 446-6073
100521	RZRR Enterprise LLC	1104 N. Sam Houston Parkway East	Houston	Texas	77032	(281) 227-1465
100865	Trisky, LLC	12230 W. Lake Houston Parkway	Houston	Texas	77044	(832) 230-5826
103387	Cediel Concession Management, LLC	2800 N. Terminal Road	Houston	Texas	77032	(713) 851-8867
6920	Bluebird Acquisitions LLC	2860 Fort Worth Highway	Hudson Oaks	Texas	76087	6823509799
1659	CORRAL INTERESTS LLC	9781 F.M. 1960 Bypass West	Humble	Texas	77338	(281) 939-8514
6023	Anil Mohammed, Riyaz (Roy) Maknojia	18228 Hwy. 59	Humble	Texas	77369	(832) 644-1466
2877	Lotz of Bunz LLC	118 IH-45 South	Huntsville	Texas	77340	(936) 293-1900
1593	Shreeji 1593, Inc.	7530 N. MacArthur Blvd.	Irving	Texas	75063	(972) 409-0837
100528	S & LSK INC	2520 N. Story Rd.	Irving	Texas	75062	(469) 281-9000
100854	Robert Hurst	1664 S Jackson St.	Jacksonville	Texas	75766	(903) 339-3090
2918	Annieyi Inc.	502 S. Mason Road	Katy	Texas	77450	(281) 395-1001
102632	Albert Restaurant Group, LLC	380 E. Hwy. 175	Kaufman, TX	Texas	75142	(972) 962-1378
6926	Pharos Icebox LLC	1085 S. Main St.	Keller	Texas	76248	(817) 562-8825
1358	L.C. Wiginton, Incorporated	1423 Sidney Baker	Kerrville	Texas	78028	(830) 895-3354
102041	Lotz of Bunz LLC	1211 North Kilgore St.	Kilgore	Texas	75662	(903) 218-0768
1173	Shreeji 1173, Inc	902 West Central Texas Expressway, Ste. F	Killeen	Texas	76541	(254) 554-5550
1234	Mariama Enterprise Corporation	1263 Kingwood Drive	Kingwood	Texas	77339	(281) 358-2867
3614	7-Eleven, Inc.	19350 Interstate Highway 35 South	Kyle	Texas	78640	(512) 262-7267
2671	LP Buns LLC	8920 Spencer Hwy. Suite F	La Porte	Texas	77571	(281) 479-2000
2108	Blind Date, Inc.	221 South FM 270	League City	Texas	77573	(281) 557-2444
2361	SK Fund LLC	1635 FM 646	League City	Texas	77573	(281) 337-4477
1212	Albert Restaurant Group, LLC	450 E. Round Grove Rd.	Lewisville	Texas	75067	(972) 459-9000
100856	Robert Hurst	2805 S. Main St.	Lindale	Texas	75771	(903) 882-5689
6543	KUBA FOODS LLC	2691 Little Elm Parkway	Little Elm	Texas	75068	972-292-9584
100870	Chunilal Inc.	111 North Colorado St.	Lockhart	Texas	78644	(512) 668-5298

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2929	Tyview, Inc.	1428 W. Loop 281	Longview	Texas	75604	(903) 297-8030
1178	Best Bunz, Inc.	3715 19th St.	Lubbock	Texas	79410	(806) 793-5542
101763	C&T Hospitality, LLC	6804 82nd Street	Lubbock	Texas	79424	(806) 701-4960
2150	DMFH Restaurant Enterprises LLC	4601 South Medford	Lufkin	Texas	75901	(936) 639-4900
100383	J. Walker Enterprises, LLC	295 County Lane Drive	Lumberton	Texas	77657	(409) 751-2131
2512	CORRAL INTERESTS LLC	6209 FM 1488, Ste. A	Magnolia	Texas	77354	(281) 259-7444
2600	R. E. Massey, Jr., Inc	2410 Highway 281	Marble Falls	Texas	78654	(830) 798-9333
100896	Lotz of Bunz LLC	1600 East End Blvd. North	Marshall	Texas	75672	(903) 702-7997
1257	Seymour Bunns, Inc.	2616 N. 10th Street	McAllen	Texas	78501	(956) 687-6566
2743	Albert Restaurant Group, LLC	1521 W. University Drive, Suite 100	McKinney	Texas	75069	(469) 952-5806
1147	Van Scoit AM Restaurants LLC	1515 Town East Blvd., Ste. 520	Mesquite	Texas	75150	(972) 270-6382
877	Thomas Distributing, Inc.	5211 West Wadley, Suite #500	Midland	Texas	79707	(432) 683-9169
1426	Thomas Distributing, Inc.	1109 Andrews Highway	Midland	Texas	79701	(432) 689-2867
101654	Sichem, Inc.	1141 George Hopper Road	Midlothian	Texas	76065	(214) 817-8165
101574	Lotz of Bunz LLC	1000 S. Jefferson Street	Mt. Pleasant	Texas	75455	(903) 717-8207
101336	Albert Restaurant Group, LLC	350 W. FM 544	Murphy	Texas	75094	(469) 814-0390
1500	Supar Incorporated	2608 North Street	Nacogdoches	Texas	75961	(936) 564-2867
1433	Albert Restaurant Group, LLC	1037 South Walnut Ave.	New Braunfels	Texas	78130	(830) 629-2811
2678	Albert Restaurant Group, LLC	1776 Independence Dr.	New Braunfels	Texas	78132	(830) 625-2801
100867	WICHIN, LLC	12073 N. Grand Parkway East	New Caney	Texas	77357	281-354-3712
1819	Mo-Buns, Inc.	5003 John Ben Shepperd Parkway	Odessa	Texas	79762	(432) 552-0110
1139	Shreeji Charan, Inc.	2504-B1 West Park Row Drive	Pantego	Texas	76013	(817) 274-6601
5254	Shreeji Nayan, Inc.	3596 Lamar Avenue	Paris	Texas	75460	(903) 905-4916
2923	Jung Kim, Hyunho Kim	9121 Broadway	Pearland	Texas	77584	(281) 997-6464
1479	Albert Restaurant Group, LLC	5045 Central Expressway	Plano	Texas	75023	(972) 424-1664
4503	Van Scoit AM Restaurants LLC	1320 N. Hwy. 377	Roanoke	Texas	76262	682-237-7474
1747	Pramukh Ashish, Inc.	706 East Interstate 30	Rockwall	Texas	75087	(972) 722-7900
101182	SCH, LLC	2200 E. Palm Valley Blvd.	Round Rock	Texas	78665	(512) 953-5343
1558	Rave, Inc.	302 West Harris	San Angelo	Texas	76903	(325) 658-3354
1188	Dual Legacy, LLC	5934 Bandera Road, # 321	San Antonio	Texas	78238	(210) 523-6666
1190	DDK Deli's LLC	11803 Blanco Road	San Antonio	Texas	78216	(210) 366-0383
1192	Albert Restaurant Group, LLC	8534 Perrin-Beitel Road	San Antonio	Texas	78217	(210) 599-1138
1310	KIAKAI, LLC	2514 Nacogdoches Road	San Antonio	Texas	78217	(210) 828-8635
2126	Albert Restaurant Group, LLC	1530 North Loop 1604 East	San Antonio	Texas	78232	(210) 494-4217
2127	Jireh JorMan Ventures, LLC	12834 IH-10 W.	San Antonio	Texas	78249	(210) 558-3354
2229	Albert Restaurant Group, LLC	11010 W. FM 471, Suite 101	San Antonio	Texas	78253	(210) 688-2200
2279	Albert Restaurant Group, LLC	8311 State Highway 151	San Antonio	Texas	78245	(210) 236-5268
101335	Albert Restaurant Group, LLC	25235 IH 10 West, Suite 101	San Antonio	Texas	78257	(210) 595-3220
100398	Albert Restaurant Group, LLC	1020 Centerpoint Road	San Marcos	Texas	78666	(512) 392-5230
1929	JT'S DELIS, INC.	17604 North IH 35	Schertz	Texas	78154	(210) 658-8224

#	Franchisee	Address	City	State	Zip	Telephone
2597	Donna Corporation	330 North Highway 123 Bypass	Seguin	Texas	78155	(830) 379-1202
1631	Shreeji 1631, Inc.	2000 W. Southlake Blvd.	Southlake	Texas	76092	(817) 442-9666
1317	Jong Hee Park and Eun Sook Park Spring, LLC	522 Sawdust Road	Spring	Texas	77380	(281) 419-6622
1347	HYK, LLC	20920 Kuykendahl, Suite # A	Spring	Texas	77379	(281) 907-7655
6245	R&S Management, LLC	1620 Louetta Rd., Suite A	Spring	Texas	77388	(832) 585-1592
2596	Donna Corporation	20248 State Highway 46 West	Spring Branch	Texas	78070	(830) 980-6602
4936	Neli Deli, Inc.	2012 West Washington Street	Stephenville	Texas	76401	(254) 434-5180
1263	Lok Tak Enterprises, Inc.	15287 SW Freeway	Sugar Land	Texas	77478	(281) 565-2867
100829	Brothers Buns, Inc.	13590 University Blvd.	Sugar Land	Texas	77479	(281) 207-6019
100232	DMFH Restaurant Enterprises LLC	1050 Gilmer Street	Sulphur Springs	Texas	75482	903-919-5060
1629	S. L. Holcomb, Inc.	204 South East Georgia Ave.	Sweetwater	Texas	79556	(325) 235-5000
2887	Shreeji 2887, Inc	2668 S. 31st Street, Suite A	Temple	Texas	76504	(254) 314-2584
1870	Lotz of Bunz LLC	1610 State Highway 34 South	Terrell	Texas	75160	(469) 474-7316
6270	TXK Enterprises, LLC	3652 Richmond Road	Texarkana	Texas	75503	903-831-0036
3799	Shreeji 3799, Inc.	6360 North Josey Lane	The Colony	Texas	75056	(214) 469-1034
1688	Sydney Paris Inc	28431 Tomball Parkway	Tomball	Texas	77375	(281) 357-5464
1198	Tyview, Inc.	709 South Beckham	Tyler	Texas	75701	(903) 592-8390
1200	Tyview, Inc.	720 W. Southwest Loop 323	Tyler	Texas	75703	(903) 581-0801
1590	Tyview, Inc.	2105 South Southeast Loop 323	Tyler	Texas	75701	(903) 596-7040
1119	BLG Deli, Ltd.	4601 North Navarro	Victoria	Texas	77901	(361) 576-3201
1372	Lotz of Bunz LLC	621 North Valley Mills Drive	Waco	Texas	76710	(254) 741-9288
1636	Lotz of Bunz LLC	1508 IH 35	Waco	Texas	76706	(254) 714-0955
1143	SCCS Corporation	6237 Rufe Snow	Watauga	Texas	76148	(817) 581-6007
1594	Yogi Charan, Inc.	507 Highway 77 North	Waxahachie	Texas	75165	(972) 923-1818
1861	Bluebird Acquisitions LLC	1831 South Main Street	Weatherford	Texas	76086	8175993900
103433	LOTZAPAN, LLC	1402 N. Westgate Drive	Weslaco	Texas	78599	(956) 614-0995
1203	Scott Hart	3916-B Kemp Blvd.	Wichita Falls	Texas	76308	(940) 691-4415
2514	CORRAL INTERESTS LLC	12709 I-45 North , Suite 600	Willis	Texas	77318	936-666-5537
100901	True Amici LLC	1605 Hewitt Drive	Woodway	Texas	76712	(254) 224-6219
101493	Albert Restaurant Group, LLC	330 S. TX-78	Wylie	Texas	75098	(214) 882-3354
1436	Matzke Deli - Appleton, LLC	881 North Casaloma Drive	Appleton	Wisconsin	54913	(920) 731-7272
1940	Matzke Deli - Green Bay, LLC	2420 West Mason Street	Green Bay	Wisconsin	54303	(920) 497-1313
100456	H6R Ventures, LLC	6985 Nugget	Evansville	Wyoming	82636	(307) 473-8589

The names, cities and states, and telephone numbers of our franchisees that have not yet opened their Restaurants as of December 31, 2022 are as follows:

#	Franchisee	City	State	Telephone
104355	Gene Denison	Avondale	Arizona	(915) 667-1060

#	Franchisee	City	State	Telephone
104351	Gene Denison	Chandler	Arizona	(915) 667-1060
104359	Gene Denison	Chandler	Arizona	(915) 667-1060
104361	Gene Denison	Chandler	Arizona	(915) 667-1060
104353	Gene Denison	Gilbert	Arizona	(915) 667-1060
104363	Gene Denison	Gilbert	Arizona	(915) 667-1060
104347	Gene Denison	Glendale	Arizona	(915) 667-1060
104357	Gene Denison	Peoria	Arizona	(915) 667-1060
104349	Gene Denison	Phoenix	Arizona	(915) 667-1060
104345	Gene Denison	Surprise	Arizona	(915) 667-1060
104030	Lotz of Bunz LLC	Bentonville	Arkansas	(918) 622-4053
104415	CRAVE-REST, LLC	TBD	Colorado	(513) 964-1487
104416	CRAVE-REST, LLC	TBD	Colorado	(513) 964-1487
104417	CRAVE-REST, LLC	TBD	Colorado	(513) 964-1487
104418	CRAVE-REST, LLC	TBD	Colorado	(513) 964-1487
104419	CRAVE-REST, LLC	TBD	Colorado	(513) 964-1487
104420	CRAVE-REST, LLC	TBD	Colorado	(513) 964-1487
104421	CRAVE-REST, LLC	TBD	Colorado	(513) 964-1487
104422	CRAVE-REST, LLC	TBD	Colorado	(513) 964-1487
104423	CRAVE-REST, LLC	TBD	Colorado	(513) 964-1487
104424	CRAVE-REST, LLC	TBD	Colorado	(513) 964-1487
104343	Alphabet Investment LLC	Lynn Haven	Florida	(404) 512-1752
104382	CRAVE-REST, LLC	Panama City	Florida	(513) 964-1487
104381	CRAVE-REST, LLC	Tallahassee	Florida	(513) 964-1487
104383	CRAVE-REST, LLC	Tallahassee	Florida	(513) 964-1487
104384	CRAVE-REST, LLC	Tallahassee	Florida	(513) 964-1487
104395	CRAVE-REST, LLC	TBD	Florida	(513) 964-1487
104396	CRAVE-REST, LLC	TBD	Florida	(513) 964-1487
104397	CRAVE-REST, LLC	TBD	Florida	(513) 964-1487
104398	CRAVE-REST, LLC	TBD	Florida	(513) 964-1487
104399	CRAVE-REST, LLC	TBD	Florida	(513) 964-1487
104400	CRAVE-REST, LLC	TBD	Florida	(513) 964-1487
104401	CRAVE-REST, LLC	TBD	Florida	(513) 964-1487
104402	CRAVE-REST, LLC	TBD	Florida	(513) 964-1487
104403	CRAVE-REST, LLC	TBD	Florida	(513) 964-1487
104404	CRAVE-REST, LLC	TBD	Florida	(513) 964-1487
102809	Leonard Walker	Marietta	Georgia	(404) 805-1600
102807	Leonard Walker	Roswell	Georgia	(404) 805-1600
102811	Leonard Walker	Sandy Springs	Georgia	(404) 805-1600
105202	TARNAV LLC	Bolingbrook	Illinois	(757) 746-3618
105204	TARNAV LLC	Montgomery	Illinois	(757) 746-3618

#	Franchisee	City	State	Telephone
104405	CRAVE-REST, LLC	TBD	Kansas	(513) 964-1487
104406	CRAVE-REST, LLC	TBD	Kansas	(513) 964-1487
104407	CRAVE-REST, LLC	TBD	Kansas	(513) 964-1487
104408	CRAVE-REST, LLC	TBD	Kansas	(513) 964-1487
104409	CRAVE-REST, LLC	TBD	Kansas	(513) 964-1487
104410	CRAVE-REST, LLC	TBD	Kansas	(513) 964-1487
104411	CRAVE-REST, LLC	TBD	Kansas	(513) 964-1487
104412	CRAVE-REST, LLC	TBD	Kansas	(513) 964-1487
104413	CRAVE-REST, LLC	TBD	Kansas	(513) 964-1487
104414	CRAVE-REST, LLC	TBD	Kansas	(513) 964-1487
104760	West Hill Ranch Group LLC	TBD	Louisiana	(470) 725-4374
104761	West Hill Ranch Group LLC	TBD	Louisiana	(470) 725-4374
104762	West Hill Ranch Group LLC	TBD	Louisiana	(470) 725-4374
104763	West Hill Ranch Group LLC	TBD	Louisiana	(470) 725-4374
104764	West Hill Ranch Group LLC	TBD	Louisiana	(470) 725-4374
104765	West Hill Ranch Group LLC	TBD	Louisiana	(470) 725-4374
104766	West Hill Ranch Group LLC	TBD	Louisiana	(470) 725-4374
104767	West Hill Ranch Group LLC	TBD	Louisiana	(470) 725-4374
104768	West Hill Ranch Group LLC	TBD	Louisiana	(470) 725-4374
104769	West Hill Ranch Group LLC	TBD	Louisiana	(470) 725-4374
104770	West Hill Ranch Group LLC	TBD	Louisiana	(470) 725-4374
104771	West Hill Ranch Group LLC	TBD	Louisiana	(470) 725-4374
104772	West Hill Ranch Group LLC	TBD	Louisiana	(470) 725-4374
104773	West Hill Ranch Group LLC	TBD	Louisiana	(470) 725-4374
104774	West Hill Ranch Group LLC	TBD	Louisiana	(470) 725-4374
102930	JESLA Development, LLC	Ellisville	Missouri	(636) 236-9946
101440	LOTZKC, INC.	Kansas city	Missouri	(913) 219-7223
101439	LOTZKC, INC.	Liberty	Missouri	(913) 219-7223
104314	Devyn Garcia	Artesia	New Mexico	(575) 513-8019
104316	Devyn Garcia	Carlsbad	New Mexico	(575) 513-8019
104322	Devyn Garcia	Clovis	New Mexico	(575) 513-8019
104320	Devyn Garcia	Las Cruces	New Mexico	(575) 513-8019
104318	Devyn Garcia	Roswell	New Mexico	(575) 513-8019
104725	West Hill Ranch Group LLC	Charlotte	North Carolina	(470) 725-4374
104726	West Hill Ranch Group LLC	Charlotte	North Carolina	(470) 725-4374
104729	West Hill Ranch Group LLC	Charlotte	North Carolina	(470) 725-4374
104733	West Hill Ranch Group LLC	Charlotte	North Carolina	(470) 725-4374
104734	West Hill Ranch Group LLC	Charlotte	North Carolina	(470) 725-4374
104730	West Hill Ranch Group LLC	Concord	North Carolina	(470) 725-4374
104745	West Hill Ranch Group LLC	Fort Mills	North Carolina	(470) 725-4374

#	Franchisee	City	State	Telephone
104736	West Hill Ranch Group LLC	Hickory	North Carolina	(470) 725-4374
104731	West Hill Ranch Group LLC	Huntersville	North Carolina	(470) 725-4374
104735	West Hill Ranch Group LLC	Lincolnton	North Carolina	(470) 725-4374
104727	West Hill Ranch Group LLC	Matthews	North Carolina	(470) 725-4374
104728	West Hill Ranch Group LLC	Monroe	North Carolina	(470) 725-4374
104732	West Hill Ranch Group LLC	Mooresville	North Carolina	(470) 725-4374
104746	West Hill Ranch Group LLC	Rock Hill	North Carolina	(470) 725-4374
104737	West Hill Ranch Group LLC	Salisbury	North Carolina	(470) 725-4374
104738	West Hill Ranch Group LLC	TBD	North Carolina	(470) 725-4374
104739	West Hill Ranch Group LLC	TBD	North Carolina	(470) 725-4374
104740	West Hill Ranch Group LLC	TBD	North Carolina	(470) 725-4374
104741	West Hill Ranch Group LLC	TBD	North Carolina	(470) 725-4374
104742	West Hill Ranch Group LLC	TBD	North Carolina	(470) 725-4374
104743	West Hill Ranch Group LLC	TBD	North Carolina	(470) 725-4374
104744	West Hill Ranch Group LLC	TBD	North Carolina	(470) 725-4374
104152	Ryan Seeger, James Hensyel	Grand Forks	North Dakota	7023492652
104378	CRAVE-REST, LLC	Canal Winchester	Ohio	(513) 964-1487
104377	CRAVE-REST, LLC	Columbus	Ohio	(513) 964-1487
104380	CRAVE-REST, LLC	Findlay	Ohio	(513) 964-1487
104376	CRAVE-REST, LLC	Lewis Center	Ohio	(513) 964-1487
104379	CRAVE-REST, LLC	Milford	Ohio	(513) 964-1487
104375	CRAVE-REST, LLC	New Albany	Ohio	(513) 964-1487
104269	Capitol Food Group, LLC	Claremore	Oklahoma	(918) 688-0503
104267	Capitol Food Group, LLC	Glenpool	Oklahoma	(918) 688-0503
104268	Capitol Food Group, LLC	Muskogee	Oklahoma	(918) 688-0503
104271	Capitol Food Group, LLC	Tulsa	Oklahoma	(918) 688-0503
104385	CRAVE-REST, LLC	TBD	Pennsylvania	(513) 964-1487
104386	CRAVE-REST, LLC	TBD	Pennsylvania	(513) 964-1487
104387	CRAVE-REST, LLC	TBD	Pennsylvania	(513) 964-1487
104388	CRAVE-REST, LLC	TBD	Pennsylvania	(513) 964-1487
104389	CRAVE-REST, LLC	TBD	Pennsylvania	(513) 964-1487
104390	CRAVE-REST, LLC	TBD	Pennsylvania	(513) 964-1487
104391	CRAVE-REST, LLC	TBD	Pennsylvania	(513) 964-1487
104392	CRAVE-REST, LLC	TBD	Pennsylvania	(513) 964-1487
104393	CRAVE-REST, LLC	TBD	Pennsylvania	(513) 964-1487
104394	CRAVE-REST, LLC	TBD	Pennsylvania	(513) 964-1487
104747	West Hill Ranch Group LLC	TBD	South Carolina	(470) 725-4374
104748	West Hill Ranch Group LLC	TBD	South Carolina	(470) 725-4374
104749	West Hill Ranch Group LLC	TBD	South Carolina	(470) 725-4374

#	Franchisee	City	State	Telephone
104750	West Hill Ranch Group LLC	TBD	South Carolina	(470) 725-4374
104751	West Hill Ranch Group LLC	TBD	South Carolina	(470) 725-4374
104752	West Hill Ranch Group LLC	TBD	South Carolina	(470) 725-4374
104753	West Hill Ranch Group LLC	TBD	South Carolina	(470) 725-4374
104754	West Hill Ranch Group LLC	TBD	South Carolina	(470) 725-4374
104755	West Hill Ranch Group LLC	TBD	South Carolina	(470) 725-4374
104756	West Hill Ranch Group LLC	TBD	South Carolina	(470) 725-4374
104757	West Hill Ranch Group LLC	TBD	South Carolina	(470) 725-4374
104758	West Hill Ranch Group LLC	TBD	South Carolina	(470) 725-4374
104759	West Hill Ranch Group LLC	TBD	South Carolina	(470) 725-4374
104324	Devyn Garcia	Andrews	Texas	(575) 513-8019
103439	LOTZAPAN, LLC	Brownsville	Texas	(956) 787-8770
103441	LOTZAPAN, LLC	Brownsville	Texas	(956) 787-8770
103435	LOTZAPAN, LLC	Harlingen	Texas	(956) 787-8770
103437	LOTZAPAN, LLC	Harlingen	Texas	(956) 787-8770
101712	William Graven, II	Kingsville	Texas	(361) 852-7000
103443	LOTZAPAN, LLC	Laredo	Texas	(956) 787-8770
103427	LOTZAPAN, LLC	McAllen	Texas	(956) 787-8770
103429	LOTZAPAN, LLC	McAllen	Texas	(956) 787-8770
103431	LOTZAPAN, LLC	Mission	Texas	(956) 787-8770
104326	Devyn Garcia	Odessa	Texas	(575) 513-8019
101711	William Graven, II	Portland	Texas	(361) 852-7000
103295	GENCO VENTURES, LLC	Red Oak	Texas	(469) 517-2050
102617	Jireh JorMan Ventures, LLC	San Antonio	Texas	(210) 558-3354

EXHIBIT E

INFORMATION ON FORMER FRANCHISEES

INFORMATION REGARDING FORMER FRANCHISEES
(For Year Ending on December 31, 2022)

Transfers in 2022 Fiscal Year

#	Former Franchisee	City	State	Telephone
1719	Tony Rukieh	Maumee	Ohio	(419) 893-9266
1410	CAROLINA EXPRESSIONS ANDERSON, LTD	Anderson	South Carolina	(864) 234-1449
1093	Herod & Davis, Inc.	Abilene	Texas	(325) 893-5156
2142	Herod & Davis, Inc.	Abilene	Texas	(325) 893-5156
101448	Albert Restaurant Group, LLC	Ennis	Texas	(214) 483-0400
2746	Albert Restaurant Group, LLC	Gainesville	Texas	(214) 483-0400
4608	Food Franchise Corporation of America, LLC	Galveston	Texas	(281) 961-0375
1156	YG LLC	Houston	Texas	(832) 692-7786
1166	BBGH Enterprises Limited Liability Company	Houston	Texas	713-897-9006
2877	Hunts Deli Bunz, L.P.	Huntsville	Texas	(936) 293-1900
101695	JDB Bakery & Cafe, LLC	Liberty Hill	Texas	(254) 518-1163
6543	Rentalstream, LLC	Little Elm	Texas	(972) 481-4380
101763	David Thomson (deceased), Melody Thomson	Lubbock	Texas	Unknown
2150	The Mizell Ventures LLC	Lufkin	Texas	(936) 293-1900
2512	R&S Management, LLC	Magnolia	Texas	(361) 852-7000
1147	Southwestern Restaurant Associates, L.P.	Mesquite	Texas	(214) 348-0928
101654	Albert Restaurant Group, LLC	Midlothian	Texas	(214) 483-0400
1188	Dual Legacy, LLC	San Antonio	Texas	(210) 558-3354
1372	Tarrant Millican of Texas, Inc.	Waco	Texas	(254) 848-2506
1636	Tarrant Millican of Texas, Inc.	Waco	Texas	(254) 848-2506
2514	R&S Management, LLC	Willis	Texas	(361) 852-7000

Terminated, Not Renewed, Reacquired by Franchisor or its Affiliates, or Otherwise Left The System (Restaurant Previously Opened) During 2022 Fiscal Year

#	Former Franchisee	City	State	Telephone	Category
1211	Lotz of Bunz LLC	Wichita	Kansas	(918) 622-4053	Termination
102929	JESLA Development, LLC	Chesterfield	Missouri	(636) 236-9946	Termination
102038	Barbara Farrar	El Reno	Oklahoma	(405) 262-4802	Termination
100266	Mohammed Aminul	Oklahoma City	Oklahoma	405-943-7727	Termination
102944	Russ Hunt	Mt. Juliet	Tennessee	(805) 895-5564	Termination
100303	Texcon Leasing Company	Galveston	Texas	(281) 961-0375	Reacquired by Franchisor

#	Former Franchisee	City	State	Telephone	Category
2899	Brothers Buns, Inc.	Houston	Texas	(713) 398-3459	Termination
2291	Albert Restaurant Group, LLC	Irving	Texas	(214) 483-0400	Termination
100132	Triple J & CB, LLC	Lampasas	Texas	(254) 518-1163	Reacquired by Franchisor

Terminated (Restaurant Never Opened) During our 2022 Fiscal Year

#	Former Franchisee	City	State	Telephone
103000	Robeson Food LLC	Lumberton	North Carolina	(910) 740-9929
101151	Dustin Haber	Sioux Falls	South Dakota	(605) 376-5890
101152	Dustin Haber	Sioux Falls	South Dakota	(605) 376-5890
101447	Albert Restaurant Group, LLC	Austin	Texas	(214) 483-0400
101449	Albert Restaurant Group, LLC	Austin	Texas	(214) 483-0400
101450	Albert Restaurant Group, LLC	Austin	Texas	(214) 483-0400
101451	Albert Restaurant Group, LLC	Austin	Texas	(214) 483-0400
101452	Albert Restaurant Group, LLC	Austin	Texas	(214) 483-0400
101664	Albert Restaurant Group, LLC	Austin	Texas	(214) 483-0400
101665	Albert Restaurant Group, LLC	Austin	Texas	(214) 483-0400
2290	Albert Restaurant Group, LLC	Dallas	Texas	(214) 483-0400
2745	Albert Restaurant Group, LLC	Dallas	Texas	(214) 483-0400
101582	Albert Restaurant Group, LLC	Garland	Texas	(214) 483-0400
101663	Albert Restaurant Group, LLC	Lakeway	Texas	(214) 483-0400
102416	David Thomson (deceased)	Levelland	Texas	(806) 771-2511
102418	David Thomson (deceased)	Lubbock	Texas	(806) 771-2511
101479	Food Franchise Corporation of America, LLC	Mansfield	Texas	(281) 961-0375
104051	James David McDaniel	New Boston	Texas	(903) 748-8512
2289	Albert Restaurant Group, LLC	Richardson	Texas	(214) 483-0400
102282	SHALYNAH VENTURE INC	Texas City	Texas	(409) 986-9210

EXHIBIT F

STATE ADMINISTRATORS

CALIFORNIA

Office of the Commissioner
California Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013
(866) 275-2677

CONNECTICUT

Securities and Business Investment Division
Connecticut Department of Banking
260 Constitution Plaza
Hartford, Connecticut 06103
(860) 240-8233

FLORIDA

Department of Agriculture and Consumer Services
Division of Consumer Services
Mayo Building, Second Floor
Tallahassee, Florida 32399-0800
(850) 922-2770

HAWAII

Hawaii Securities Commissioner
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Franchise Bureau
Office of Attorney General
State of Illinois
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

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

MARYLAND

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-7042

MICHIGAN

Michigan Department of Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
670 Law Building
Lansing, Michigan 48913
(517) 335-7567

MINNESOTA

Minnesota Department of Commerce
Securities Unit
85 7th Place, Suite 280
St. Paul, Minnesota 55101
(651) 539-1500

NEBRASKA

Department of Banking and Finance
Commerce Court
1230 "O" Street, Suite 400
PO Box 95006
Lincoln, NE 68509-5006
(402) 471-3445

NEW YORK

NYS Department of Law
Investor Protection Bureau
Franchise Section
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8236

NORTH DAKOTA

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol - 5th Floor
Bismarck, North Dakota 58505-0510
(701) 328-4712

OREGON

Department of Consumer and Business Services
Division of Finance
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4140

RHODE ISLAND

Director of Business Regulations
State of Rhode Island
John O. Pastore Complex
1511 Pontiac Avenue, Building 69-1
Cranston, RI 02910
(401) 277-3048

SOUTH DAKOTA

Department of Labor and Regulation
Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

TEXAS

Secretary of State
Statutory Document Section
P.O. Box 12887
Austin, Texas 78711
(512) 475-1769

UTAH

Director, Division of Consumer Protection
Utah Department of Commerce
160 East 300 South
P.O. Box 146704
Salt Lake City, Utah 84114-6704
(801) 530-6601

VIRGINIA

State Corporation Commission
1300 East Main Street, Ninth Floor
Richmond, Virginia 23219
(804) 371-9051

WASHINGTON

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

WISCONSIN

Wisconsin Division of Securities
Department of Financial Institutions
P.O. Box 1768
Madison, Wisconsin 53701
(608) 266-8559

EXHIBIT G

AGENTS FOR SERVICE OF PROCESS

Agents for Service of Process

CALIFORNIA

Commissioner of Financial Protection and Innovation
California Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013

HAWAII

Hawaii Securities Commissioner
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS

Attorney General of the State of Illinois
500 South Second Street
Springfield, Illinois 62706

INDIANA

Indiana Secretary of State
302 West Washington Street
Room E-111
Indianapolis, Indiana 46204

MARYLAND

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Michigan Department of Commerce
Corporations and Securities Bureau
6546 Mercantile Way
Lansing, Michigan 48910

MINNESOTA

Minnesota Commissioner of Commerce
Department of Commerce
85 7th Place, Suite 280
St. Paul, Minnesota 55101

NEW YORK

Secretary of State of New York
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001

NORTH DAKOTA

North Dakota Securities Commissioner
600 East Boulevard Avenue
State Capitol - 5th Floor
Bismarck, North Dakota 58505-0510

OREGON

Director
Department of Insurance and Finance
700 Summer Street, N.E.
Suite 120
Salem, Oregon 97310

RHODE ISLAND

Director of Department of Business Regulation
Department of Business Regulation
Securities Division
John O. Pastore Complex
1511 Pontiac Avenue, Building 69-1
Cranston, RI 02910

SOUTH DAKOTA

Director of the Division of Insurance
Department of Labor and Regulation
Division of Insurance
124 S Euclid, Suite 104
Pierre, South Dakota 57501

VIRGINIA

Clerk of the State Corporation Commission
1300 East Main Street
Richmond, Virginia 23219

WASHINGTON

Director of the Securities Division
Department of Financial Institutions
State of Washington
150 Israel Road
Tumwater, Washington 98501

WISCONSIN

Wisconsin Commissioner of Securities
201 W. Washington Avenue, Suite 300
Madison, Wisconsin 53703

EXHIBIT H

STATE ADDENDA TO DISCLOSURE DOCUMENT

ADDENDUM TO DISCLOSURE DOCUMENT
FOR
CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, AND WISCONSIN

The following provision applies only to franchisees and franchised Restaurants that are subject to the state franchise disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and/or Wisconsin:

> No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the California Franchise Investment Law, California Corporations Code §§ 31000 through 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 through 20043, the Disclosure Document for Schlotzsky's Franchisor SPV LLC in connection with the offer and sale of franchises for use in the State of California is amended to including the following:

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

2. The Franchise Agreement contains provisions requiring application of the laws of Georgia. These provisions may not be enforceable under California law.

3. The Franchise Agreement requires binding arbitration. The arbitration will occur at the offices of our principal place of business (currently Atlanta, Georgia) or another suitable location chosen by us in the city where our headquarters is located, with the prevailing party's costs and expenses to be borne by the other party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

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

6. Neither we 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. 78a *et seq*., suspending or expelling us or that person from membership in these associations or exchanges.

7. Section 31125 of the California Corporations Code requires us to give you a Disclosure Document in a form and containing all information as the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

8. You must sign a general release when you sign your franchise agreement or if you renew or transfer your franchise or sign a superseding agreement. California Corporations Code § 31512 voids a waiver of your rights under the Franchise Investment Law (see California Corporations Code §§ 31000 through 31516). California Business and Professions Code § 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§ 2000 through 20043).

9. The California franchise investment law requires that we deliver a copy of all proposed agreements related to the sale of the franchise, together with the Disclosure Document.

10. Regarding our website, www.schlotzskys.com, please note the following:

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

11. No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

1. THESE FRANCHISES WILL BE, OR HAVE BEEN, FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE HAWAII SECURITIES COMMISSIONER, OR A FINDING BY THE HAWAII SECURITIES COMMISSIONER, THAT THE INFORMATION PROVIDED IN THIS DISCLOSURE DOCUMENT IS TRUE, COMPLETE, AND NOT MISLEADING.

2. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN HAWAII WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST 7 DAYS BEFORE THE SIGNING BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS BEFORE THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATED TO THE SALE OF THE FRANCHISE.

3. THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. YOU SHOULD REFER TO THE FRANCHISE AGREEMENT ITSELF FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS, AND OBLIGATIONS OF BOTH YOU AND THE FRANCHISOR.

4. In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 428E *et seq*., the Franchise Disclosure Document for Schlotzsky's Franchisor SPV LLC for use in the State of Hawaii is amended by adding the following language to Item 20:

> As of the dates listed on the State Effective Dates page, this registration/exemption is or will be effective in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin, and exempt from registration in Florida, Kentucky, Nebraska, Texas, and Utah. No states have refused, by order or otherwise, to register these franchises. No states have revoked or suspended the right to offer these franchises. The proposed registration of these franchises has not been involuntarily withdrawn in any state.

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, Ill. Comp. Stat. §§ 705/1 through 705/44, the Disclosure Document for Schlotzsky's Franchisor SPV LLC for use in the State of Illinois is amended to include the following:

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. Notice Required By Law:

   THE TERMS AND CONDITIONS UNDER WHICH WE MAY TERMINATE YOUR FRANCHISE AND YOUR RIGHTS ON NON-RENEWAL MAY BE AFFECTED BY ILLINOIS LAW, 815 ILCS §§ 705/19 AND 705/20.

2. The provisions of the Franchise Agreement, and all other agreements concerning governing law, jurisdiction, and choice-of-law, will not constitute a waiver of any right conferred on you by the Illinois Franchise Disclosure Act. Illinois law will govern the Franchise Agreement with respect to franchisees under the jurisdiction of the Illinois Franchise Disclosure Act. Consistent with the foregoing, any provision in the Franchise Agreement that designates jurisdiction and venue in a forum outside of Illinois is void with respect to any cause of action that is otherwise enforceable in Illinois.

3. 815 ILCS § 705/41 (Illinois Franchise Disclosure Act) states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void."

4. Section 21.1 (Your Acknowledgements) is deleted from all Illinois Franchise Agreements.

INDIANA ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the Indiana Franchise Disclosure Law, Indiana Code §§ 23-2-2.5-1 through 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code §§ 23-2-2.7-1 through 23-2-2.7-10, the Disclosure Document for Schlotzsky's Franchisor SPV LLC for use in the State of Indiana is amended as follows:

1. The laws of the State of Indiana supersede any provisions of the Franchise Agreement and any the other agreements, or Georgia law, if these provisions are in conflict with Indiana law.

2. No release language stated in the Franchise Agreement relieves us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.

3. Notwithstanding the terms of Item 12 of the Disclosure Document and Section 4 (Reserved Rights) of the Franchise Agreement (as applicable), we will not compete unfairly with you within a reasonable area.

4. Notwithstanding the terms of Section 13.1 (Indemnification) of the Franchise Agreement, you will not be required to indemnify the Affiliated Parties for any liability caused by your proper reliance on or use of procedures or materials provided by us or caused by our negligence.

5. Section 15.4.B. (Restrictive Covenants: Post Term) of the Franchise Agreement is revised to limit the geographical extent of the post-term covenant not to compete to an area of reasonable size, for all franchises sold in the State of Indiana.

6. The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as ". . . a material breach of the franchise agreement . . . ," supersede any contrary provisions contained in Section 17 (Default and Termination) of the Franchise Agreement in the State of Indiana.

7. The provisions of the Franchise Agreement relieving both parties from liability for punitive damages will not apply to franchises offered and sold in the State of Indiana.

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Disclosure Document for Schlotzsky's Franchisor SPV LLC for use in the State of Maryland is amended as follows:

ITEM 5 INITIAL FEES

1. Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until we complete our pre-opening obligations under the Franchise Agreement. If a franchisee signs a Multi-Unit Addendum to a Franchise Agreement, all initial fees and payments owed by such franchisee under each of the Franchise Agreements that is subject to the Multi-Unit Addendum shall be deferred until we complete our pre-opening obligations under the applicable Franchise Agreement.

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION:

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

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

3. Item 17.v. of this Disclosure Document is modified as follows:

> You can enter into litigation with us in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law, as long as the nature of the litigation is not the type of dispute, controversy, claim, action or proceeding which would be subject to arbitration under the Franchise Agreement.

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the Disclosure Document for Schlotzsky's Franchisor SPV LLC for the offer of franchises for use in the State of Minnesota is amended to include the following:

1. Item 6, "Other Fees," shall be amended as follows:

> We may be limited in the amount of the insufficient funds fee ("EFT NSF Fee") we may charge you as described in Item 6 of this Disclosure Document. The Minnesota Department of Commerce requires us to disclose to you that, currently, the highest such fee permitted under Minnesota Statute 604.113 is $30.

2. Item 13, "Trademarks," is amended by the addition of the following paragraph immediately:

> The Minnesota Department of Commerce requires us to indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of our trademark infringes on trademark rights of the third party. We do not indemnify against the consequences of a franchisee's use of our trademark except in accordance with the requirements of the Franchise Agreement; and, as a condition to indemnification, you must: (i) provide prompt notice to us of any such claim; (ii) tender the defense of the claim to us; and (iii) cooperate with us in the defense against the claim. If we accept the tender of defense, we have the right to manage the defense of the claim including the right to compromise, settle, or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

8. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," is amended by the addition of the following paragraphs at the end of the Item:

> Pursuant to Minn. Rule 2860.4400D, any general release of claims a transferor may have against us or our directors, officers, shareholders, and employees, including without limitation claims arising under federal, state, and local laws, rules, and ordinances, excludes claims the transferor may have under the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

4. With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. § 80C.14, Subds. 3, 4, and 5, that require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Franchise Agreement, and that we not unreasonably withhold consent to the transfer of the franchise.

5. Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring that litigation be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement abrogate or reduce any of your rights provided for in Minnesota

statutes Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

6. The Franchise Agreement contains provisions that may be interpreted as liquidated damages clauses under Minnesota law. Certain liquidated damages clauses are unenforceable.

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the General Business Law of the State of New York, Article 33, §§ 680 through 695, the Disclosure Document for Schlotzsky's Franchisor SPV LLC for use in the State of New York is amended as follows:

1. The following information is added to the cover page of the Disclosure Document:

   THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

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

3. The following is added to the end of the "Summary" sections of Item 17I, titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer"**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled **"Termination by franchisee"**:

You may terminate the Franchise Agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum"**, and Item 17(w), titled "**Choice of law"**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of State of New York.

NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code §§ 51-19-01 through 51-19-17, and the policies of the Office of State of North Dakota Securities Commission, the Disclosure Document for Schlotzsky's Franchisor SPV LLC for use in the State of North Dakota is amended as follows:

1. A contractual requirement that you sign a general release will not apply to claims you may have under the North Dakota Franchise Investment Law.

2. Covenants not to compete such as those contained in the Franchise Agreement are generally considered unenforceable in the State of North Dakota.

3. The Franchise Agreement contains provisions that may be interpreted as liquidated damages clauses. Under the North Dakota Franchise Investment Law, certain liquidated damages clauses are unenforceable.

4. The Franchise Agreement requires you to waive your right to collect exemplary or punitive damages. This provision may not be enforceable under North Dakota law.

5. The Franchise Agreement requires that you consent to the jurisdiction of a court in Georgia. This provision may not be enforceable under North Dakota Law because North Dakota Law precludes you from consenting to jurisdiction of any court outside of North Dakota.

6. The provisions of the Franchise Agreement on governing law, jurisdiction, and choice of law will not be a waiver of any right conferred on you by the North Dakota Franchise Investment Law.

RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the Disclosure Document for Schlotzsky's Franchisor SPV LLC for use in the State of Rhode Island is amended as follows by adding the following language at the end of Item 17:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Schlotzsky's Franchisor SPV LLC for use in the Commonwealth of Virginia is amended as follows:

Additional Disclosure. The following statements are added to Item 17.h.

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

WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.180, the Disclosure Document for Schlotzsky's Franchisor SPV LLC for use in the State of Washington is amended as follows:

1. If any of the provisions in the Disclosure Document or Franchise Agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over the inconsistent provisions of the Disclosure Document or Franchise Agreement (as applicable) with regard to any franchise sold in Washington.

2. In any arbitration involving a franchise purchased in Washington, the arbitration site will be either in Washington or in a place as mutually agreed-on at the time of the arbitration, or as determined by the arbitrator.

3. A release or waiver of rights signed by a franchisee will not include rights under the Act except when signed with a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those that unreasonably restrict or limit the statute of limitations period for claims under the Act and rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.

4. The State of Washington has a statute, RCW 19.100.180, that may supersede the Franchise Agreement in your relationship with the franchisor, including the areas of termination and renewal of your franchise. There also may be court decisions that supersede the Franchise Agreement in your relationship with the franchisor, including the areas of termination and renewal of your franchise.

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

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

7. Chapter 49.62 RCW limits the use of noncompetition agreements and may supersede the Franchise Agreement's noncompetition provisions. Washington law provides as follows: (1) an employee non-compete covenant is unenforceable unless the employee's annual earnings exceed $100,000 (an amount that will be adjusted annually); (2) an independent contractor non-compete covenant is unenforceable unless the independent contractor's annual earnings exceed $250,000; (3) a presumption is created that any non-compete covenant with a duration longer than 18 months is unreasonable and unenforceable; and (4) any contractual provision that requires an employee to adjudicate a noncompetition covenant outside of Washington State is void and unenforceable.

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

EXHIBIT I

FRANCHISEE DISCLOSURE ACKNOWLEDGEMENT

FRANCHISEE DISCLOSURE ACKNOWLEDGEMENT

THIS ACKNOWLEDGEMENT SHALL NOT BE COMPLETED BY YOU, AND WILL NOT APPLY, IF THE OFFER OR SALE OF THE FRANCHISE IS SUBJECT TO THE STATE FRANCHISE DISCLOSURE LAWS IN THE STATES OF CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

IF THE FRANCHISE IS TO BE OPERATED IN, OR YOU ARE A RESIDENT OF, MARYLAND, DO NOT SIGN THE ACKNOWLEDGEMENT.

As you know, Schlotzsky's Franchisor SPV LLC ("**we**") and the franchisee identified below ("**you**") are preparing to enter into a Schlotzsky's® Franchise Agreement (the "**Franchise Agreement**") for the operation of a Schlotzsky's® franchise. The purpose of this Acknowledgement is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Acknowledgement the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.**

Please review each of the following statements carefully and initial by each providing your acknowledgement that the statement is accurate and true. **If you find that a statement is not accurate and true, please cease signing this Acknowledgement and related documents and immediately e-mail Tim Goodman, Senior Vice President of Franchise Administration, at tgoodman@focusbrands.com and provide an explanation of why you believe such statement is not accurate and true.**

_____ Initial 1. You have received and personally reviewed the Franchise Disclosure Document ("**Disclosure Document**") and the Franchise Agreement and each exhibit and schedule attached to them.

_____ Initial 2. You understand all the information contained in the Disclosure Document and the Franchise Agreement.

_____ Initial 3. You understand the success or failure of your franchise will depend in large part on your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace.

_____ Initial 4. No employee or other person speaking on our behalf has made any statement or promise regarding the costs involved in operating a Schlotzsky's® franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document.

_____ Initial 5. No employee or other person speaking on our behalf has made any statement or promise or agreement, other than those matters addressed in the Franchise Agreement, concerning advertising, marketing, media

support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document.

_____ Initial 6. No employee or other person speaking on our behalf has made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Schlotzsky's® franchise will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document.

_____ Initial 7. You understand that the Franchise Agreement contains the entire agreement between us and you concerning the franchise for the Schlotzsky's® franchise, meaning any prior oral or written statements not set out in the Franchise Agreement will not be binding.

YOU UNDERSTAND THAT YOUR ACKNOWLEDGEMENT OF THE STATEMENTS ABOVE ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ACKNOWLEDGEMENT, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH STATEMENT CAREFULLY AND THAT EACH STATEMENT IS ACCURATE AND TRUTHFUL.

«Z1_First_Name» «Z1_Last_Name»
a «Z1_State_of_Formation» «Z1_Entity_Type»

By:_____
Name: «Signee_1_name»
Title: «Signee_1_title»

Date:_____

By: _____
Name: «Signee_2_name»
Title: «Signee_2_title»

Date: _____

By: _____
Name: «Signee_3_name»
Title: «Signee_3_title»

Date: _____

By: _____
Name: «Signee_4_name»

Title: «Signee_4_title»

Date: _____

By: _____
Name: «Signee_5_name»
Title: «Signee_5_title»

Date: _____

«Z5_First_Name» «Z5_Last_Name»
a «Z5_State_of_Formation» «Z5_Entity_Type»

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

EXPLANATION OF ANY NEGATIVE RESPONSES [REFER TO QUESTION NUMBER AND USE ADDITIONAL PAPER IF NECESSARY]:

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	Exempt
Hawaii	
Illinois	Exempt
Indiana	
Maryland	
Michigan	March 23, 2023
Minnesota	
New York	Exempt
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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.

Schlotzsky's Copy – Return to Us

ITEM 23
RECEIPT

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

If Schlotzsky's Franchisor SPV LLC offers you a franchise, we 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. Iowa requires that we provide you with this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale. New York requires that we provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale. Michigan requires that we provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale.

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

The name, principal business address, and telephone number of each franchise seller offering the franchise is as follows:_____ 5620 Glenridge Drive NE, Atlanta, Georgia 30342 and its telephone number is (404) 255-3250.

Schlotzsky's Franchisor SPV LLC, the seller of these franchises, authorizes the agencies shown on Exhibit G to receive service of process for it in certain states.

The issuance date of this Disclosure Document is March 23, 2023.

I, personally, and as a duly authorized officer of the prospective franchisee (if the franchisee is an Entity), hereby acknowledge receipt from Schlotzsky's Franchisor SPV LLC of the Franchise Disclosure Document (to which this Receipt is attached) dated March 23, 2023.

This Disclosure Document included the following exhibits: A – Financial Statements; B – Franchise Agreement and Related Agreements; C – Other Agreements; D – Information on Franchisees; E- Information on Former Franchisees; F – State Administrators; G- Agents for Service of Process; H – State Addenda to Disclosure Document; and I – Franchisee Disclosure Acknowledgement.

Dated: _____

PROSPECTIVE FRANCHISEE:

If a corporation or LLC:

_____
(Name of corporation or LLC)

By:_____

Its_____
(Title)

_____
(Print Name)

If an individual:

_____
(Signature)

_____
(Print Name)

_____
(Signature)

_____
(Print Name)

_____
(Signature)

_____
(Print Name)

Address of corporation, LLC, or individual(s): _____

_____

Your Copy – Retain for Your Records

ITEM 23
RECEIPT

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

If Schlotzsky's Franchisor SPV LLC offers you a franchise, we 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. Iowa requires that we provide you with this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale. New York requires that we provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale. Michigan requires that we provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale.

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

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Dated: _____

PROSPECTIVE FRANCHISEE:

If a corporation or LLC:

_____
(Name of corporation or LLC)

By: _____

Its _____
(Title)

_____
(Print Name)

If an individual:

_____
(Signature)

_____
(Print Name)

_____
(Signature)

_____
(Print Name)

_____
(Signature)

_____
(Print Name)

Address of corporation, LLC, or individual(s): _____

_____