

## FRANCHISE DISCLOSURE DOCUMENT



**Slice House Franchising, LLC**  
a Nevada limited liability company  
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Suite E21  
Henderson, Nevada 89052  
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Email: [trevor@slicehouse.com](mailto:trevor@slicehouse.com)  
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<https://slicehouse.com/>  
<https://slicehouse.com/>

The franchise offered is for the establishment and operation of a SLICE HOUSE BY TONY GEMIGNANI® business retailing a menu of fresh, unique, high quality gourmet pizza in several different styles sold by the slice and full pies including, without limitation, Classic, American, Italian, Sicilian, Detroit and Neapolitan pizzas made with artisan flour, authentic sauces and seasonal ingredients; antipasti, meatballs, meatball subs, garlic bread, wings, pastas, salads, and other deli favorites together with cold beverages, including, without limitation, bottled beer, wine and local draft beer along with other beverages, which offering may also include prepackaged food items (including ingredients or prepared food); clothing and other wearing apparel; napkins, cups, glasses, dishware or other similar items and supplies (the “**Approved Products**”) that advertise or promote SLICE HOUSE BY TONY GEMIGNANI® and its affiliates (each, a “**SLICE HOUSE BY TONY GEMIGNANI® Restaurant**” or “**Restaurant**”).

The total investment necessary to begin operation of a new SLICE HOUSE BY TONY GEMIGNANI® Restaurant is between \$~~406,300~~411,300 and \$~~1,147,600~~1,152,600. This includes \$~~30,000~~35,000 that must be paid to the franchisor or affiliate. The total investment necessary to begin operation of a SLICE HOUSE BY TONY GEMIGNANI® development business for three Restaurants is between \$~~430,300~~439,300 and \$~~1,171,600~~1,180,600. This includes \$~~54,000~~63,000 that must be paid to the franchisor or affiliate.

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 or grant. **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 Trevor Hewitt, 2505 Anthem Village Drive, Suite E21, Henderson, Nevada 89052; Phone: (702) 509-4222 ; Email: [trevor@slicehouse.com](mailto:trevor@slicehouse.com).

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

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

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

Issuance Date: ~~April 17, 2023~~ March 22, 2024

## How to Use This Franchise Disclosure Document

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

| QUESTION                                                                                 | WHERE TO FIND INFORMATION                                                                                                                                                                                                                                                                |
|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>How much can I earn?</b>                                                              | 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 <del>F and</del> <u>G and H</u> . |
| <b>How much will I need to invest?</b>                                                   | 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.                                                                                                 |
| <b>Does the franchisor have the financial ability to provide support to my business?</b> | Item 21 or Exhibit <del>E</del> <u>F</u> includes financial statements. Review these statements carefully.                                                                                                                                                                               |
| <b>Is the franchise system stable, growing, or shrinking?</b>                            | Item 20 summarizes the recent history of the number of company-owned and franchised outlets.                                                                                                                                                                                             |
| <b>Will my business be the only SLICE HOUSE BY TONY GEMIGNANI® business in my area?</b>  | Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.                                                                                                                                            |
| <b>Does the franchisor have a troubled legal history?</b>                                | Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.                                                                                                                                                     |
| <b>What's it like to be SLICE HOUSE BY TONY</b>                                          | Item 20 or Exhibit <del>F and</del> <u>G and H</u> lists current and former franchisees. You can contact them to ask about their experiences.                                                                                                                                            |

|                                 |                                                                                                                                                                                                                |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>GEMIGNANI® franchisee?</b>   |                                                                                                                                                                                                                |
| <b>What else should I know?</b> | <p>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.</p> |

## What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Nevada. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Nevada than in your own state.
2. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see item 21), calls into question the franchisor's financial ability to provide services and support to you.
3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
5. **Unopened Franchises.** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you may also experience delays in opening your own outlet.

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

**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.**

1. 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 protections provided in this act. This shall not preclude a franchisee, after entering into a Franchise Agreement, from settling any and all claims.

2. A provision that permits a franchisor to terminate a franchise before 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.

3. 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.

4. 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.

5. 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.

6. 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:

- (a) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
- (b) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

(d) 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.

7. 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).

8. 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 \$100,000.00, 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:

DEPARTMENT OF THE ATTORNEY GENERAL  
CONSUMER PROTECTION DIVISION  
FRANCHISE SECTION  
G. MENNEN WILLIAMS BUILDING, 1<sup>ST</sup> FLOOR  
525 W. OTTAWA STREET  
LANSING, MI 48909  
517-373-7117

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## ITEM 1

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

To simplify the language in this disclosure document, the words “we,” “our” or “us” refer to Slice House Franchising, LLC, the franchisor of this business. “You” and “your” refers to the person who buys the franchise, whether you are a corporation, limited liability company or other business entity. If you are a corporation, limited liability company or other business entity, certain provisions of this disclosure document also apply to your owners and will be noted.

We were formed as a limited liability company in Nevada on July 8, 2021. Our principal business address is 2505 Anthem Village Drive, Suite E21, Henderson, Nevada 89052. We do business under our company name and under the trade and service marks “SLICE HOUSE BY TONY GEMIGNANI® Restaurant” and associated logos. Our agents for service of process are listed on Exhibit A to this disclosure document. We have offered franchises since February 2, 2022. We do not engage in other business activities and have not offered franchises in other lines of business. We do not operate a business of the type being franchised. You may be required to purchase products or services from us.

Our affiliate, Karpaty & Gemignani, LLC (“K&G”), is a limited liability company that was formed in California on March 21, 2016. K&G’s principal office is the same as ours. K&G owns the Marks listed in Item 13 of this disclosure document and licenses them to us under an agreement which grants us the rights to use and to sublicense the use of the Marks to third parties, including you. K&G offered certain Licensed Restaurants and Non-Traditional Restaurants described below, from 2016 to 2021. K&G does not engage in any other business activities. K&G has never offered franchises in any other line of business and does not provide products or services to our franchisees.

Our affiliate, SLICE HOUSE WC, LLC (“SHWC”), is a limited liability company that was formed in California on January 15, 2016. SHWC’s principal office is 1500 Mount Diablo Boulevard, Walnut Creek, CA 94596. SHWC operates the SLICE HOUSE BY TONY GEMIGNANI® Restaurant located at 1500 Mount Diablo Boulevard, Walnut Creek, CA 94596 (the “**Affiliate-Owned Restaurant**”). SHWC does not engage in any other business activities. SHWC has never offered franchises in any line of business and does not provide products or services to our franchisees.

Our affiliate, Wiseguy’s Restaurant, LLC (“WG”), is a limited liability company that was formed in California on December 19, 2011. WG’s principal office is 464 Monterey Ave. #A, Los Gatos, CA 95030. WG offered Licensed Restaurants described below in 2016 and sold one license for a Licensed Restaurant that is no longer open. WG does not offer franchises in any other line of business and does not provide products or services to our franchisees.

There are ~~29~~30 restaurants operated in California and Nevada in captive venues (stadiums and casinos), and one restaurant in San Francisco – North Beach owned by our founder, Tony Gemignani, each of which operate under the Marks or related trademarks, but that are not substantially similar to the Franchised Restaurant being offered under this disclosure document (collectively, the “**Non-Traditional Restaurants**”). These Non-Traditional Restaurants are different from Franchised Restaurants in terms of square footage, prices, type of venue and territorial protection.

From 2016 to 2021, we sold licenses to operate restaurants that are substantially similar to the Franchised Restaurants under the Marks (collectively, the “**Licensed Restaurants**”) pursuant to license agreements (collectively, the “**License Agreements**”). We sold a total of 4 licenses for Licensed Restaurants. One of these Licensed Restaurants has closed; the other 3 Licensed Restaurants have been converted to Franchised Restaurants as of January 1, 2023. Except for Non-Traditional Restaurants,

which are not offered under this disclosure document, we no longer offer or sell licenses to operate Licensed Restaurants.

We do not have any parents, predecessors or other affiliates to disclose in this Item 1.

### **The Franchise**

We grant to persons who meet our qualifications and who are willing to undertake the investment and effort the right to establish and operate a Restaurant retailing the Approved Products (each, a “**Franchised Restaurant**” or collectively, the “**Franchised Restaurants**”), which features menu of fresh, unique, high quality gourmet pizza in several different styles sold by the slice and full pies including, without limitation, Classic, American, Italian, Sicilian, Detroit and Neapolitan pizzas made with artisan flour, authentic sauces and seasonal ingredients; antipasti, meatballs, meatball subs, garlic bread, wings, pastas, salads, and other deli favorites together with cold beverages, including, without limitation, bottled beer, wine and local draft beer along with other beverages, which offering may also include prepackaged food items (including ingredients or prepared food); clothing and other wearing apparel; napkins, cups, glasses, dishware or other similar items and supplies.

Franchised Restaurants are designed and operated according to our proprietary knowledge, as authorized or developed by us and as may be added to, changed, modified, withdrawn or otherwise revised by us for the operation of Restaurants, including, without limitation: (a) uniform standards, specifications, techniques, methods and procedures for efficient business operations; (b) procedures and strategies for marketing, advertising and promotion; (c) customer service and development techniques; (d) distinctive interior and exterior design, layout and décor; (e) other strategies, techniques and Trade Secrets and other Confidential Information (as defined in Item 14); and (f) the Confidential Manuals (including forms and printed materials) (as defined in Item 8) (collectively, the “**System**”). We may periodically make changes to the System, including changes to the Approved Products offered by the Restaurants and the System’s methods, standards, signage, equipment, inventory, ingredients, fittings, décor, and fixture requirements. You may have to make additional investments in your Franchised Restaurant periodically during the term of the Franchise Agreement if those kinds of changes are made or for other reasons. Uniformity of Approved Products offered in the Restaurants is important and you must offer all Approved Products in accordance with our System.

K&G owns, uses, promotes and licenses, or may own, use, promote or license, in the operation of Restaurants, certain trademarks, service marks, including the name “SLICE HOUSE BY TONY GEMIGNANI®” and associated logos, designs, trade dress, artwork, e-names and other commercial symbols (collectively, the “**Marks**”).

The Restaurants are a fast-casual concept operated from an approved location (the “**Approved Location**”) of approximately 1,500 to 2,200 square feet with limited seating in a strip mall or other similar location.

### **Unit Franchise Program**

You will operate the Franchised Restaurant under the Franchise Agreement. Our current form of the Franchise Agreement is attached to this disclosure document as Exhibit B. If you are a business entity, your principal owners will be required to sign our standard form of Principal Owner’s Guaranty (Exhibit 4 to the Franchise Agreement) requiring them to guaranty your obligations under the Franchise

Agreement and a Principal Owner's Statement (Exhibit 3 to the Franchise Agreement) identifying each owner and their interest in you.

### **Conversion Program**

We also grant to persons who meet our qualifications and who are willing to undertake the investment and effort the right to convert an existing pizza shop to a Franchised Restaurant by signing the Franchise Agreement and Standard Conversion Addendum, which is attached to the Franchise Agreement as Exhibit 9.

### **Area Development Program**

We also grant to persons who meet our qualifications and who are willing to undertake the investment and effort, the right to develop within a predetermined period, and operate, multiple Franchised Restaurants within a geographical area. Our standard form of development agreement is attached to this disclosure document as Exhibit C (the "**Development Agreement**"). Each Franchised Restaurant is operated under a separate Franchise Agreement. You will be required to sign our then-current form of Franchise Agreement, which may contain different terms than the current Franchise Agreement attached as Exhibit B to this disclosure document.

### **Market and Competition**

You will be competing with other pizza shops and restaurants, including casual dining restaurants, fast food restaurants, fast casual restaurants, full-service restaurants, grocery stores and specialty stores that offer food and food-related products. These restaurants and similar businesses may be associated with national or regional chains or may be local independent restaurants and other businesses. You also will be competing with other food service outlets that feature products and services that differ from those offered by Franchised Restaurants. Your products and services will be offered to the general public, to individual consumers, for on-site consumption, carry out, delivery via third-party delivery apps and, as we may authorize or require from time to time, catering. The market for pizza shops is highly developed and competitive. Sales are generally not seasonal.

### **Industry Regulations**

The food service industry is heavily regulated. Many of the laws, rules and regulations that apply to businesses generally, such as the Americans with Disabilities Act, Federal Wage and Hour Laws and the Occupational Safety and Health Act, also apply to food service establishments. However, other laws, rules and regulations have particular applicability to food service businesses.

The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce laws and regulations that govern food preparation and service and food service establishment sanitary conditions. The Federal Government and state and local jurisdictions have enacted laws, rules, regulations and ordinances which may apply to the operation of your Franchised Restaurant, including those which: (a) establish general standards, specifications and requirements for the construction, design and maintenance of the Approved Location; (b) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for kitchens and food preparation areas, employee practices concerning the storage, handling, and preparation of food, restrictions on smoking and availability of and requirements for public accommodations, including restrooms; (c) set standards pertaining to employee health and safety; (d) set standards and requirements for fire safety and general emergency preparedness; and (e) regulate the

proper use, storage and disposal of waste, insecticides, and other hazardous materials. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your Restaurant and should consider both their effect and cost of compliance.

You must comply with all laws and regulations pertaining to the operation of a food service business as well as all those laws and regulations applicable to businesses in general, including those described above and zoning laws, labor laws, workers' compensation laws, business licensing laws and tax regulations. You are advised to examine all applicable laws and regulations carefully with a qualified advisor before purchasing a Franchised Restaurant from us and should consider these laws and regulations when evaluating your purchase of a Franchised Restaurant.

## **ITEM 2 BUSINESS EXPERIENCE**

### **Tony Gemignani - Founder**

Mr. Gemignani is our Founder and Owner. Mr. Gemignani is the head chef, founder and owner of nearly 30 restaurants/concepts in Northern California and Las Vegas: Tony's Pizza Napoletana (open since July 2009), Tony's Original Coal-Fired Slice House (open since August 2010), Capo's (open since November 2012), Tony's of North Beach (open since 2013), Pizza Rock Las Vegas (open since October 2013), SLICE HOUSE BY TONY GEMIGNANI® Restaurant at Green Valley Ranch Resort & Spa in Henderson, NV (open since February 2015), [and](#) the Affiliate-Owned Restaurant in Walnut Creek, California (open since May 27, 2016), ~~and Little Tony's in Las Vegas, Nevada (open in 2015 but subsequently closed)~~. Mr. Gemignani is the Founder and Owner of our affiliate, K&G, the entity which owns the Marks and licenses them and certain other trademarks owned by K&G, to the Licensed Restaurants and Non-Traditional Restaurants. Mr. Gemignani is based in Alamo, California.

### **George Karpaty - President**

Mr. Karpaty has been our President since our inception. Mr. Karpaty has served as President of the following concepts with our management team: Pizza Rock Las Vegas (open since October 2013) (co-founded with Mr. Gemignani and Mr. Hewitt), SLICE HOUSE BY TONY GEMIGNANI® Restaurant at Green Valley Ranch Resort & Spa in Henderson, NV (open since February 2015), and SLICE HOUSE BY TONY GEMIGNANI® Restaurant in Walnut Creek, California (open since May 27, 2016). Mr. Karpaty is the President of K&G, the entity which owns the Marks and licenses them and certain other trademarks owned by K&G, to the Licensed Restaurants and Non-Traditional Restaurants. Aside from this, Mr. Karpaty was the founder and owner of various nightlife establishments, including Ruby Skye in San Francisco, California from January 2000 to June 2018 and Slide in San Francisco from 2006 to 2018. Mr. Karpaty is based in Pleasanton, California.

### **Trevor Hewitt - Executive Vice President & Managing Member**

Mr. Hewitt has been our Executive Vice President & Managing Member since our inception. Mr. Hewitt has owned and operated the following concepts with our management team: Tony's of North Beach (open since 2013), Pizza Rock Las Vegas (open since October 2013) (co-founded with Mr. Gemignani and Mr. Karpaty), SLICE HOUSE BY TONY GEMIGNANI® Restaurant at Green Valley Ranch Resort & Spa in Henderson, NV (open since February 2015), and the Affiliate-Owned Restaurant in Walnut Creek, California (open since May 27, 2016). Mr. Hewitt is the Executive Vice President & Managing Member of K&G, the entity which owns the Marks and licenses them and certain other trademarks owned by K&G, to the Licensed Restaurants and Non-Traditional Restaurants. Prior to that, Mr. Hewitt served as Executive Vice President of Smartcare in Las Vegas, Nevada from December 2014 to April 2021. Additionally, Mr. Hewitt has been involved in the nightlife industry since 1999 working in various ownership and marketing operations positions for establishments in San Francisco, California, including Ruby Skye from January 2000 to June 2018 and Slide from 2006 to 2018. Mr. Hewitt is based in Henderson, Nevada.

### **William Ginsburg - VP of Operations**

Mr. Ginsburg has been our VP of Operations since our inception. Mr. Ginsburg has served in various operational roles and oversight roles for the following concepts with our management team: Tony's Pizza Napoletana (open since July 2009), Tony's Original Coal-Fired Slice House (open since August 2010), Tony's of North Beach (open since 2013), Pizza Rock Las Vegas (open since October 2013), SLICE HOUSE BY TONY GEMIGNANI® Restaurant at Green Valley Ranch Resort & Spa in Henderson, NV (open since February 2015), and the Affiliate-Owned Restaurant in Walnut Creek, California (open since May 27, 2016). Mr. Ginsburg is the VP of Operations of K&G, the entity which owns the Marks and licenses them and certain other trademarks owned by K&G, to the Licensed Restaurants and Non-Traditional Restaurants. Mr. Ginsburg is based in Woodland Hills, California.

### **Rena Scott – Chief Marketing Officer**

Ms. Scott is our Chief Marketing Officer, and has held this position with us since 2023. Prior to joining us, Ms. Scott served as the CMO of Ike's Love & Sandwiches from 2018 to 2023, and before that, as the Fractional CMO of Abuelo's from 2017 to 2018. Ms. Scott is based in Walnut Creek, CA.

### **David Denton – Chief Technology Officer**

Mr. Denton is our Fractional Chief Technology Officer, and has held this position with us since 2023. Prior to joining us, Mr. Denton served as the CTO of BRINK Interactive from 2022 to 2024. Mr. Denton previously served as VP of Technology at Hathway (acquired by Bounteous) from 2018-2022. Mr. Denton is based in Allen, TX.

## **ITEM 3 LITIGATION**

**The Commissioner of Financial Protection and Innovation v. Karpaty & Gemignani, LLC and Wiseguy's Restaurants, LLC, Consent Order, Before the Department of Financial Protection and Innovation of the State of California, Executed September 19, 2022.**

Our affiliate Karpaty & Gemignani, LLC, and our former affiliate (now dissolved) Wiseguy's Restaurants, LLC (together, the "**Licensor Affiliates**"), between 2016 and 2021, sold a total 8 licenses to operate Slice House® restaurants in California. Of these 8 licenses, 7 would have qualified for exemption from the registration and disclosure obligations under Cal. Corp. Code Section 31110 and 31119 (including licenses for Slice House® restaurants to be operated in professional sports stadiums); however, the Licensor Affiliates did not file the required notice of exemption. The other sale would not have qualified for exemption. Without an available or properly claimed exemption, these licenses were sold in violation of Cal. Corp. Code 31110 and 31119. We and the Licensor Affiliates self-reported these violations to the California Department of Financial Protection and Innovation ("**DPFI**") and cooperated in providing all requested documents and information to assist DPFI's consideration of the violations. DPFI found that each sale violated the registration and disclosure requirements under Cal. Corp. Code Sections 31110 and 31119. Pursuant to a Consent Order executed on September 19, 2022, the Licensor Affiliates agreed to pay a \$40,000 penalty to DPFI and agreed to cease and desist from all future violations Cal. Corp. Code Sections 31110 and 31119.

#### **ITEM 4 BANKRUPTCY**

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

#### **ITEM 5 INITIAL FEES**

##### **Initial Franchise Fee**

Upon the signing of your Franchise Agreement, you must pay us a \$~~30,000~~35,000 initial franchise fee in lump sum if this is your first Franchised Restaurant ("**Initial Franchise Fee**").

If you are signing a Franchise Agreement to operate a Franchised Restaurant in addition to your first, and your first Restaurant is still open and operating and you are not in default of your Franchise Agreement or any other agreements between you or your affiliates, on the one hand, and us or our affiliates, on the other hand, we will reduce your Initial Franchise Fee to \$~~24,000~~28,000.

The Initial Franchise Fee is fully earned when paid and nonrefundable. Other than as set forth above, it is imposed uniformly for all franchisees.

##### **Development Fee**

You must pay us a development fee equal to \$~~30,000~~35,000 for the first Franchised Restaurant, plus \$~~24,000~~28,000 times the number of Franchised Restaurants after the first Franchised Restaurant that we grant you the right to open ("**Development Fee**"). The Development Fee is payable as follows: (a) upon execution of the Development Agreement and first Franchise Agreement, (i) \$~~30,000~~35,000, plus (ii) \$~~12,000~~14,000 times the number of Franchised Restaurants after the first Franchised Restaurant that we grant you the right to open; and (b) upon execution of the then-current franchise agreement for each additional Franchised Restaurant, \$~~12,000~~14,000. You will not be required to pay any additional Initial Franchise Fee for those Franchised Restaurants open and operated under the Development Agreement.

### **Veteran Discount**

If one of your owners is a veteran honorably discharged from the U.S. Armed Forces or on active duty in the U.S. Armed Forces on the effective date of the Franchise Agreement, we will reduce the Initial Franchise Fee for your first new or transfer Franchised Restaurant by 10%, provided that the qualifying owner owns at least 50% of the Franchisee entity.

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**ITEM 6  
OTHER FEES**

| Type of Fee <sup>1</sup>          | Amount                                                                     | Due Date                                                                                   | Remarks                                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Royalty Fee                       | 5% of Gross Sales.                                                         | Payable no later than the Wednesday of each week through electronic funds transfer (“EFT”) | You must pay your Royalty Fee directly to us. See definition of Gross Sales. <sup>2</sup><br><br>If you are converting a Licensed Restaurant to a Franchised Restaurant, we will reduce your Royalty Fee to 4% of Gross Sales.                                                                                                                                                  |
| Brand Marketing Fund Contribution | 1% of Gross Sales.<br><br>Up to 3% of Gross Sales                          | Payable no later than the Wednesday of each week through EFT                               | You pay your Brand Marketing Fund Contribution to us.<br><br>You will not be required to pay the Brand Marketing Fund Contribution to us until we have 10 Franchised Restaurants (excluding any Licensed Restaurants converted to Franchised Restaurants) open and operating.                                                                                                   |
| Technology Access Fee             | Currently, \$25                                                            | Payable on no later than the Wednesday of each week through EFT                            | We have the right to increase this amount at any time in our sole and absolute discretion upon sixty (60) days prior written notice to you to an amount not to exceed \$50 per week.                                                                                                                                                                                            |
| Unapproved Product Fee            | \$250 per day of violation (increased by \$100 for each subsequent breach) | Upon demand                                                                                | If you sell a product or provide a service to customers from your Franchised Restaurant that is not an Approved Product or approved service, or use an unapproved ingredient, we may charge you a penalty fee equal to \$250 per day of violation. However, if you cure the breach and breach this provision again, this fee will increase by \$100 for each subsequent breach. |
| Local Advertising Expenditure     | 1% of Gross Sales.<br><br>Up to 3% of Gross Sales                          | Monthly                                                                                    | You pay this amount directly to third-parties subject to our approval. This is the minimum amount that you must spend as your Local Advertising Expenditure. We may require a portion, or all of, your Local Advertising Expenditure to be used in cooperative advertising.                                                                                                     |

| Type of Fee <sup>1</sup>                       | Amount                                                                                                                                    | Due Date           | Remarks                                                                                                                                                                                         |
|------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Cooperative Advertising                        | Up to 50% of your Local Advertising Expenditure                                                                                           | Monthly            | We will credit any amount we require you to pay to a cooperative to your Local Advertising Expenditure.                                                                                         |
| Proprietary Software Fee                       | \$0                                                                                                                                       | As incurred        | We do not currently charge this fee for our proprietary software. We may, however, develop new modules and require you to use them. If we do so, we may charge license fees for your use of it. |
| Audit Expenses <sup>3</sup>                    | All costs and expenses associated with audit                                                                                              | Upon demand        | Audit costs payable only if the audit shows you have not spent up to 2% of your monthly Gross Sales on local advertising or if you underreported an amount you owe us by 2% or more.            |
| Late Fees <sup>4</sup>                         | \$100 per occurrence, plus interest at 1.5% per month or the highest rate allowed by the state where you are located, whichever is higher | Upon demand        | Applies to all overdue fees you owe us that have not been paid within 10 days of the due date. Also applies to any understatement in amounts due revealed by an audit.                          |
| Approval of Products or Suppliers <sup>5</sup> | All reasonable costs of evaluation                                                                                                        | Time of evaluation | Applies to the costs we expend in our evaluation of new suppliers you wish to purchase from or products you wish to purchase.                                                                   |
| Securities Offering                            | All reasonable costs of evaluation                                                                                                        | Time of evaluation | Applies to the costs we expend in our review of any franchisee securities offering.                                                                                                             |
| Insurance Policies                             | Amount of unpaid premiums plus our reasonable expenses in obtaining the policies                                                          | Upon demand        | Payable to us only if you fail to maintain required insurance coverage and we elect to obtain coverage for you.                                                                                 |

| Type of Fee <sup>1</sup>               | Amount                                    | Due Date                                                                              | Remarks                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----------------------------------------|-------------------------------------------|---------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| External Third-Party Transfer Fee      | 75% of then-current initial franchise fee | 50% upon request for transfer, remainder due at time of transfer                      | You may not transfer your Franchised Restaurant without our prior written consent. The External Third-Party Transfer Fee is due at the time of transfer and is nonrefundable and payable if you transfer to someone that is not an existing franchisee (except as noted below).                                                                                                                                                        |
| Internal Third-Party Transfer Fee      | 50% of then-current initial franchise fee | 50% upon request for transfer, remainder due at time of transfer                      | You may not transfer your Franchised Restaurant without our prior written consent. The Internal Third-Party Transfer Fee is due at the time of transfer and is nonrefundable and payable if you transfer to someone that is not an existing franchisee (except as noted below).                                                                                                                                                        |
| Controlled Entity Transfer Fee         | \$2,500                                   | At the time of transfer                                                               | Payable if you wish to transfer to (1) a corporation, limited liability company or other legal entity which shall be entirely owned by you (“ <b>Controlled Entity</b> ”), which Controlled Entity is being formed for the financial planning, tax or other convenience of you; (2) an existing owner of your entity; or (3) to a person other than an existing owner but said transfer does not result in a change of control of you. |
| Relocation Fee                         | 50% of then-current initial franchise fee | 50% at time of the request for relocation and 50% upon our approval of the relocation | You may not relocate your Franchised Restaurant without our consent.                                                                                                                                                                                                                                                                                                                                                                   |
| Promotions (including Mystery Shopper) | No more than \$250 per month              | As incurred                                                                           | You must offer such rebates, giveaways and other promotions, including customer surveys and mystery shopper programs as may be required by us. The current estimated cost may increase depending on supplier costs and the type and length of the promotion.                                                                                                                                                                           |
| Quality Assurance                      | Up to \$500 per quarter                   | As incurred                                                                           | If we retain a third-party to provide any quality assurance inspections, you will not be required to pay more \$500 per quarter on these services.                                                                                                                                                                                                                                                                                     |

| Type of Fee <sup>1</sup>        | Amount                                                                                                                                  | Due Date         | Remarks                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Additional Trainee Fee          | Then-current fee, which is currently \$1,500 per additional attendee                                                                    | Time of training | We reserve the right to charge you our then-current fee if you request, and we grant such request, to provide our Initial Training (as defined in Item 11) to additional attendees beyond three attendees.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Additional Training Fee         | Then-current fee, which is currently \$500 per trainer, per day, plus travel, lodging, meals and compensation expenses for each trainer | Time of training | <p>Payable if we deem necessary and appropriate the provision of, or if you request and we are available to provide, additional on-site assistance with respect to the opening of the Franchised Restaurant that exceeds five days.</p> <p>Payable if you name a new General Manager (as defined in Item 15).</p> <p>Payable if we require your attendance at any additional training (“<b>Mandatory Additional Training</b>”) after the opening of the Franchised Restaurant (a) that we determine is necessary or appropriate, in our sole discretion, to protect the quality, integrity and/or reputation of the System and/or Marks, including, without limitation, because you are in default or breach under the Franchise Agreement or otherwise in violation of the System; or (b) upon transfer or renewal of the Franchise Agreement.</p> |
| Additional Founder Training Fee | Then-current fee, which is currently \$1,500 per day, plus travel, lodging, meals and compensation expenses for each trainer            | Time of training | If we deem necessary and appropriate the provision of, or if you request and we are available to provide, additional on-site assistance with respect to the opening of the Franchised Restaurant that exceeds five days, and our founder provides the additional training, you must pay us our then-current additional founder training fee.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

| Type of Fee <sup>1</sup>        | Amount                                                                                                                                           | Due Date                                            | Remarks                                                                                                                                                                                                                                                                                                           |
|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Ongoing Training                | Then-current fee, which is currently \$500 per trainer, per day, plus travel, lodging, meals and compensation expenses for each person attending | Time of program                                     | Fees assessed for ongoing training programs vary depending on the type of program, the number of trainers required and its duration.                                                                                                                                                                              |
| Convention Fee                  | Then-current fee, which is currently \$0                                                                                                         | Time of registration                                | Payable if we host and/or require your attendance at a convention for all Franchised Restaurants.                                                                                                                                                                                                                 |
| Successor Franchise Fee         | 25% of then-current initial franchise fee                                                                                                        | At time of signing of successor franchise agreement | Payable to us upon you executing a successor franchise agreement for the continued operation of your Franchised Restaurant. The terms and conditions of your successor franchise agreement may materially differ from the terms and conditions of the Franchise Agreement offered under this disclosure document. |
| Cost of Enforcement             | All costs including reasonable attorneys' fees                                                                                                   | Upon demand                                         | You must reimburse us for all costs in enforcing obligations if we prevail.                                                                                                                                                                                                                                       |
| Insufficient Fund Fee           | \$100 for each dishonored check, or insufficient funds notice, you tender to us                                                                  | Payable upon receipt of invoice                     | Only payable if you send us a dishonored check or have insufficient funds in your bank account.                                                                                                                                                                                                                   |
| Temporary Management Assistance | Currently, 10% of Gross Sales, plus our expenses                                                                                                 | Each month that it applies                          | If you breach the Franchise Agreement or following the death or incapacity of an owner of the franchisee, we may temporarily manage your Franchised Restaurant. We may increase our compensation at any time.                                                                                                     |

| Type of Fee <sup>1</sup> | Amount                                             | Due Date    | Remarks                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------|----------------------------------------------------|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Indemnification          | All our costs including reasonable attorneys' fees | Upon demand | You must defend any lawsuit at your cost and hold us harmless against lawsuits arising from your operation of your Franchised Restaurant. We also provide indemnification to you for any lawsuits or claims arising from your authorized use of the Marks.                                                                                                                                                                       |
| Liquidated Damages       | As calculated based on Gross Sales                 | Upon demand | If we terminate your Franchise Agreement for breach, or you terminate your Franchise Agreement without cause prior to the expiration of the term, you will be required to pay us liquidated damages equal to the Royalty Fees and Brand Marketing Fund Contributions that we would have received for six months based on your annual Gross Sales during the best performing six months over the term of the Franchise Agreement. |

#### EXPLANATORY NOTES:

1. We may require that all fees payable to us be paid through EFT and if you wish to pay via a different method, we reserve the right to charge you a fee for this payment method. Except as noted above, all of the fees noted above are uniform. No other fees or payments are to be paid to us or our affiliates. We do not impose or collect any other fees or payments for any other third party. All fees are generally non-refundable.

2. “**Gross Sales**” means the aggregate of all revenue from the sale of Approved Products and any other products from all sources in connection with the Franchised Restaurant, without limitation, from the sales of merchandise, gift cards, products and tangible personal property of every kind sold by Franchisee, in, from or through the Franchised Restaurant, whether for check, cash, credit or otherwise including, without limitation, all proceeds from any business interruption insurance, but excluding: (a) any sales and equivalent taxes that are collected by you for or on behalf of any governmental taxing authority and actually paid thereto; (b) the amount of any discounts or allowances that we have approved as a policy matter as set forth in its Confidential Manuals from time to time; ~~and~~ (c) any rebate received by you from a manufacturer or supplier; and (d) bona fide tips paid by customers to employees (whether directly or through tip pools).

3. We assume costs vary depending on factors, including prevailing auditor’s rates in your area, the business activity being audited and how well you keep your books and records. You pay our actual costs only.

4. Late fees begin from the date payment was due, but not received, or date of underpayment.

5. Costs vary depending on the availability of product samples for testing, shipping costs or travel costs to review the product, the type of product under review, whether the product or supplier has been

rated and other similar factors. Costs also vary depending on the amount of time spent reviewing the credentials/qualifications of potential service providers for addition to the approved supplier list. You pay our actual costs only.

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**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

**A. SINGLE FRANCHISED RESTAURANT**

| Type of Expenditure <sup>1</sup>                                          | Amount Low                          | Amount High                         | Method of Payment | When Due                         | To Whom Payment Is To Be Made    |
|---------------------------------------------------------------------------|-------------------------------------|-------------------------------------|-------------------|----------------------------------|----------------------------------|
| <b>Franchise Fee<sup>2</sup></b>                                          | <del>\$30,000</del> <u>\$35,000</u> | <del>\$30,000</del> <u>\$35,000</u> | Cashier's Check   | Upon Signing Franchise Agreement | Us                               |
| <b>Rent (and Security Deposit)<sup>3</sup></b>                            | \$10,800                            | \$21,600                            | As Incurred       | Before Occupancy                 | Landlord                         |
| <b>Utility and Deposits<sup>4</sup></b>                                   | \$5,500                             | \$10,500                            | As Incurred       | Before Occupancy                 | Landlord                         |
| <b>Licenses &amp; Permits<sup>5</sup> (including construction permit)</b> | \$5,000                             | \$15,000                            | As Incurred       | As Incurred                      | Third Parties                    |
| <b>Design and Architecture Fees<sup>6</sup></b>                           | \$10,000                            | \$40,000                            | As Incurred       | Before Beginning Operations      | Approved Supplier, Third Parties |
| <b>Leasehold Improvements<sup>7</sup></b>                                 | \$125,000                           | \$620,000                           | As Incurred       | Before Beginning Operations      | Third Parties                    |
| <b>Signage<sup>8</sup></b>                                                | \$10,000                            | \$15,000                            | Lump Sum          | Before Beginning Operations      | Third Parties                    |
| <b>Furniture &amp; Fixtures<sup>9</sup></b>                               | \$8,000                             | \$30,000                            | Lump Sum          | Before Beginning Operations      | Third Parties                    |
| <b>POS System and Computer System<sup>10</sup></b>                        | \$8,000                             | \$11,000                            | Lump Sum          | Before Beginning Operations      | Third Parties                    |
| <b>Security System<sup>11</sup></b>                                       | \$3,000                             | \$5,000                             | Lump Sum          | Before Beginning                 | Third Parties                    |

| Type of Expenditure <sup>1</sup>                | Amount Low       | Amount High        | Method of Payment | When Due                    | To Whom Payment Is To Be Made     |
|-------------------------------------------------|------------------|--------------------|-------------------|-----------------------------|-----------------------------------|
|                                                 |                  |                    |                   | Operations                  |                                   |
| <b>Equipment<sup>12</sup></b>                   | \$125,000        | \$270,000          | As Incurred       | Before Beginning Operations | Third Parties                     |
| <b>Professional Fees<sup>13</sup></b>           | \$5,000          | \$5,000            | As Incurred       | Before Beginning Operations | Third Parties                     |
| <b>Initial Inventory<sup>14</sup></b>           | \$13,000         | \$14,500           | As Incurred       | Before Beginning Operations | Approved Suppliers, Third Parties |
| <b>Insurance<sup>15</sup></b>                   | \$2,000          | \$4,000            | As Incurred       | Before Beginning Operations | Third Parties                     |
| <b>Training Expenses<sup>16</sup></b>           | \$12,000         | \$14,000           | Lump Sum          | Before Beginning Operations | Third Parties                     |
| <b>Grand Opening Advertising<sup>17</sup></b>   | \$12,000         | \$15,000           | Lump Sum          | Before Beginning Operations | Third Parties                     |
| <b>Miscellaneous<sup>18</sup></b>               | \$10,000         | \$10,000           | As Incurred       | Before Beginning Operations | Third Parties                     |
| <b>Additional Funds<sup>19</sup> (3 months)</b> | \$12,000         | \$17,000           | As Incurred       | As Incurred                 | Third Parties                     |
| <b>TOTAL<sup>20</sup></b>                       | <b>\$406,300</b> | <b>\$1,147,600</b> |                   |                             |                                   |

#### EXPLANATORY NOTES TO TABLE A

1. The amounts listed in this Item 7 are generally non-refundable. You should inquire about the refund policy prior to purchasing any item or service. We do not offer direct or indirect financing to you for any items. The low end of this estimated initial investment assumes that you will operate in a second-generation restaurant that was not a pizza restaurant but had certain kitchen fixtures and bathrooms from a prior buildout. The high of this estimated initial investment assumes that you will obtain a space that has not been outfit for a restaurant. If you are you converting a Licensed Restaurant to

a Franchised Restaurant, your costs will likely be less than what are listed here. Additionally, if you are converting your existing pizza shop to a Franchised Restaurant, your costs may be less than what are listed here.

2. Initial Franchise Fee. You will pay ~~\$30,000~~\$35,000 for the Initial Franchise Fee for the first Franchise Agreement you sign with us. If you are you converting a Licensed Restaurant to a Franchised Restaurant, we will waive the Initial Franchise Fee. If you are purchasing your second or subsequent Franchised Restaurant and you are in compliance with your existing franchise agreements, you will pay a reduced Initial Franchise Fee. See Item 5.

3. Rent. Generally, you will need 1,500 to 2,200 square feet of space with limited seating in a strip mall or other similar location for your Franchised Restaurant. The cost per square foot of commercial space varies considerably depending upon the location and the market conditions affecting commercial property including real estate values in your area, your real estate interest (leasehold or ownership), location, size of the site, code requirements and other factors, including labor. Factors that typically affect your real estate costs include your cost to negotiate your lease (or buy the property), fair market lease values and lease terms in your area, how the costs to renovate or develop the land, building and other site improvements are allocated between landlord and tenant and interest costs, among others. Lease terms are individually negotiated and may vary materially from one (1) location or transaction to another. The estimate is based on a typical landlord's requirement that a lessee pay the first month's rent, the last month's rent as a security deposit upon execution of the lease. If you must pay rent during a build-out and construction phase before opening and/or a real estate agent/broker fee, your costs will be higher. This estimate assumes that you will lease and not own the Approved Location. If you purchase real estate, your costs will be higher.

4. Deposits. You will generally have to pay deposits to obtain internet and utility services, including electric, telephone, gas and water. The amount of the deposits and whether the deposits are refundable will vary depending on the third-party you are contracting with. You should contact your landlord, local utilities and product and service vendors for more information.

5. Licenses & Permits (including construction permit). State and local government agencies typically charge fees for occupancy permits, operating licenses, construction permits and other licenses depending on the programs you offer at your Franchised Restaurant. Costs may vary from the estimates based on the requirements of state and local government agencies. These fees are typically non-refundable. You should inquire about the cancellation and refund policy of the agencies at or before the time of payment.

6. Design and Architect Fees. You will need to comply with all architectural, and specifications we require for your Franchised Restaurant. ~~You must use our designated~~We may require you to use an architect that we designate or approve to draft the plans and specifications for improvement of the Approved Location adapted from the specifications furnished by us and submit said plans to us for our approval for the Franchised Restaurant. If you are converting your existing pizza shop to a Franchised Restaurant, your expense may be less than what is listed here if the space already has some of the components needed for a Franchised Restaurant.

7. Real Estate and Leasehold Improvements. Construction and remodeling costs vary widely depending upon such factors as: (1) whether pre-construction demolition of existing walls and partitions is required, (2) whether the space was previously used as a similar establishment and already contains facilities required by code, such as a ventilation system and fire extinguisher system, (3) whether, and to what extent, your landlord will provide a finish-out allowance, and (4) regional differences in material

and labor costs. We have not estimated the costs to purchase and renovate an existing building or the costs of new construction. This cost will also vary depending on the amount (if any) of construction work and/or dollars you negotiate with your landlord. If you are acquiring an existing Franchised Restaurant, the leasehold improvements and design and architecture costs may be included in the amount you pay for the existing facility. Site development costs include the costs to develop the land and other site improvements, including exterior landscaping, electrical and water hookup, paving, sidewalks, lighting, etc. Some local governments may charge an additional amount for utility connections to offset their costs for maintaining water and sewer plants and these amounts are not included in the above figure. Costs can be higher if soil problems or other environmental issues are encountered and the ranges do not include potential government imposed “impact fees.” These estimates do not include extraordinary costs due to extensive redesign, permitting, variances, environmental issues, legal obstacles, etc. If you are converting your existing pizza shop to a Franchised Restaurant, your expense may be less than what is listed here if the space already has some of the components needed for a Franchised Restaurant.

8. Signage. This range includes the cost of all signage used in the Franchised Restaurant, which includes exterior signage. The signage requirements and costs will vary based upon the size and location of the Franchised Restaurant, local zoning requirements, landlord requirements and local wage rates for installation.

9. Furniture & Fixtures. You must purchase and/or lease and install furniture and fixtures necessary to operate your Franchised Restaurant. The cost of the furniture and fixtures will vary according to local market conditions, the size of the facility, suppliers and other related factors. We do not know if the amounts you pay for furniture, fixtures or equipment are refundable. You should inquire about the return and refund policy of the suppliers at or before the time of purchasing or leasing. If you are converting your existing pizza shop to a Franchised Restaurant, your expense may be less than what is listed here if the space already has some of the components needed for a Franchised Restaurant.

10. Computer Equipment (Hardware/Software). You must purchase our required point-of-sale system (“**POS System**”), the financial reporting software and other various software (collectively, the “**Software**”) and general purpose computer (collectively, the “**Computer System**”), all that we designate. These costs also include setup, cabling and installation and take into consideration the possibility of us developing software for your use. The estimate depends on the size of your Franchised Restaurant. Generally, the amounts you pay for the Computer System are non-refundable.

11. Security System. We recommend that you purchase a security system but you are not required to do so.

12. Equipment. You must purchase a pizza oven, mixer, grease trap and other equipment in accordance with the specifications outlined in Item 8. Factors that may affect your cost include the equipment in the current space, local market conditions, competition among suppliers and other factors. If you are converting your existing pizza shop to a Franchised Restaurant, your expense may be less than what is listed here if the space already has some of the components needed for a Franchised Restaurant.

13. Professional Fees. You will need to employ an attorney, an accountant, and other consultants to assist you in establishing your Franchised Restaurant. These fees may vary from location to location depending upon the prevailing rates of local attorneys, accountants and consultants. These fees are typically non-refundable. You should inquire about the refund policy of the attorney, accountant or consultant at or before the time of hiring.

14. Initial Inventory. You must stock the Franchised Restaurant with an initial inventory of food ingredients and beverage products, accessories, and supplies. These figures reflect the basic cost of food, beverages, products, and paper related items associated with opening the Franchised Restaurant. The initial inventory is estimated as sufficient to cover non-perishable initial supplies for the first three months of operation and initial perishable supplies.
15. Insurance. This is the estimated cost of insurance for your first quarter of operations. You must purchase the amounts and types of insurance as required by our Confidential Manuals from time to time. (See Item 8.) Factors that may affect your cost of insurance include the size and location of the Franchised Restaurant, value of the leasehold improvements, number of employees, number of vehicles, driving records and other factors.
16. Training. We do not charge a fee for your attendance at Initial Training. You are responsible for transportation and expenses for meals and lodging while attending training. You will pay a fee of \$1,500 per person for any individuals other than the three attendees that you register for Initial Training. The total cost will vary depending on the number of people attending, how far you travel and the type of accommodations you choose.
17. Grand Opening. You must spend a minimum amount we specify on grand opening advertising prior to opening. We determine the minimum based on our assessment of your advertising costs in your area and the time of year that you are opening. You may choose to spend more. (See Item 11.) Factors that may affect the actual amount you spend include the type of media used, the size of the area you advertise to, local media cost, location of the SLICE HOUSE BY TONY GEMIGNANI® Restaurant, time of year and customer demographics in the surrounding area. The amounts you spend for grand opening advertising are typically non-refundable. You should inquire about the return and refund policy of the suppliers at or before the time of purchasing.
18. Miscellaneous. You must purchase certain miscellaneous items such as cleaning supplies and paper products.
19. Additional Funds. We recommend that you have a minimum amount of money available to cover rent for the Franchised Restaurant and operating expenses, including employees' salaries, for the first three months that the Franchised Restaurant is open. These expenses are typically non-refundable.
20. Total. In compiling this Table, we relied on our and our affiliates' industry knowledge and experience operating and building out 36 restaurants, including two SLICE HOUSE BY TONY GEMIGNANI® Restaurants, since 1991. The low end of this estimated initial investment assumes that you will operate in a second-generation restaurant that was not a pizza restaurant but has certain kitchen fixtures and bathrooms from a prior buildout. These are estimates only and are based on the operation of 1,500 to 2,200 square foot locations. These estimates may vary for many reasons, including the size and condition of your location, the capabilities of your management team, where you locate your Franchised Restaurant and your business experience and acumen. These amounts do not include the cost of purchasing and developing a site for your Franchised Restaurant.

## B. DEVELOPMENT BUSINESS

| Type of Expenditure <sup>1</sup>                                           | Amount Low                 | Amount High                | Method of Payment | When Due                         | To Whom Payment Is To Be Made                  |
|----------------------------------------------------------------------------|----------------------------|----------------------------|-------------------|----------------------------------|------------------------------------------------|
| Development Fee (due upon execution of Development Agreement) <sup>2</sup> | <del>\$54,000</del> 63,000 | <del>\$54,000</del> 63,000 | Cashier's Check   | Upon Signing Franchise Agreement | Us                                             |
| Costs and Expenses to Develop first Franchised Restaurant <sup>3</sup>     | \$376,300                  | \$1,117,600                | As Incurred       | Before Occupancy                 | Landlord, Approved Suppliers and Third Parties |
| <b>Total</b>                                                               | \$430,300                  | \$1,171,600                | As Incurred       | As Incurred                      | Third Parties                                  |

### EXPLANATORY NOTES TO TABLE B:

1. The amounts listed in this Item 7 are generally non-refundable. You should inquire about the refund policy prior to purchasing any item or service. We do not offer direct or indirect financing to you for any items.

2. Development Fee. You must pay us a Development Fee equal to ~~\$30,000~~35,000 for the first Franchised Restaurant, plus ~~\$24,000~~28,000 times the number of Franchised Restaurants after the first Franchised Restaurant that we grant you the right to open. The Development Fee is payable as follows: (a) upon execution of the Development Agreement and first Franchise Agreement, (i) ~~\$30,000~~35,000, plus (ii) ~~\$12,000~~14,000 times the number of Franchised Restaurants after the first Franchised Restaurant that we grant you the right to open; (b) upon execution of the then-current franchise agreement for each additional Franchised Restaurant, ~~\$12,000~~14,000. You will not be required to pay any additional Initial Franchise Fee for those Franchised Restaurants open and operated under the Development Agreement. This line item includes the amount of the Development Fee for three Franchised Restaurants due upon execution of the Development Agreement.

3. Costs and Expenses to Open First Franchised Restaurant. This estimate shows the estimated initial investment for the development of the first Franchised Restaurant but does not include the costs to develop the additional Franchised Restaurants, and does not include the initial Franchise Fee due for the first unit, which is already counted as part of the Development Fee. See Table 7(A) for more information.

## ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must, and must cause the Franchised Restaurant and your employees to, strictly comply with all requirements, specifications, standards, operating procedures and rules set forth in the Franchise Agreement, the confidential and proprietary Confidential Manual(s), whether in paper or electronic form,

and any other items or documentation as may be provided, added to, changed, modified or otherwise revised by us from time to time that contain or describe the standards, methods, procedures and specifications of the System, including other operations, administration and managers'/General Managers' manuals and all books, Computer System (as defined in Item 11), password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by, or on behalf of, Franchisor (collectively, the "**Confidential Manuals**") or other communications supplied to you by us. You must follow the standards, specifications and operating procedures we establish periodically for the System that are described in the Confidential Manuals (the "**System Standards**"). You also must comply with all updates and amendments to the System as described in newsletters or notices we distribute, including via the Computer System or other technology systems. If you are operating a Conversion Restaurant, we may, in our sole discretion, waive certain of the requirements to purchase new equipment in connection with the Franchised Business based on the equipment used in the prior business.

### **Approved Suppliers**

We require that you, at your expense, enter into agreements with suppliers approved by us ("**Approved Suppliers**"). Currently, we require that you purchase certain ingredients, food ([including beverages, tomatoes, flour, balsamic glaze, and cheese](#)) and paper products, beverages, ~~architectural~~[interior design](#) services, [software services \(including a phone AI program and mobile application\)](#) and accounting services only from Approved Suppliers. We [have approved an optional supplier of real estate brokerage services. To use their services, you must execute the Preferred Real Estate Brokerage Opt-In Agreement, attached to this disclosure document as Exhibit D.](#)

We may change Approved Suppliers from time to time. We will provide you with a current list of Approved Suppliers through updates to the Confidential Manuals or other forms of communication. During the first two years of the Franchise Agreement, you must use our Approved Supplier for accounting services. After that time period, we may require you to use an accounting firm we designate if you are not using the accounting format required by our System Standards, generating accurate financial statements, or submitting financial statements as required under your Franchise Agreement.

Currently, neither we nor any of our affiliates are an Approved Supplier of any items. However, our Founder, Tony Gemignani, owns an entity, Tony Gemignani, LLC, that has developed certain proprietary ingredients that we may require you to purchase, and use, in connection with your Restaurant. You do not purchase directly from this entity, however, this entity will earn revenue based on franchisee required purchases. We reserve the right to designate ourselves or our affiliates as Approved Suppliers for certain products and services.

If you desire to utilize any services or products that we have not approved (for services and products that require supplier approval), you must first send us sufficient information, specifications and samples for us to determine whether the service or product complies with our standards and specifications or whether the supplier meets our Approved Supplier criteria. You will bear all expenses incurred by us in connection with determining whether we will approve an item, service or supplier, including, without limitation, out of pocket expenses, which are due and payable upon demand by us. We will decide within a reasonable time (usually thirty (30) days) after receiving the required information whether you may purchase or lease such items or services or from such supplier. If we have not notified you within thirty (30) days that a supplier has been approved, such supplier will be deemed not to be approved. Approval of a supplier may be conditioned on the supplier's ability to provide sufficient quantity of product; quality of services or products at competitive prices; production and delivery capability; and dependability and general reputation.

We may limit the number of Approved Suppliers with whom you may deal, designate sources that you must use and/or refuse any request for alternative suppliers for any reason, including that we have already designated an exclusive source (which may be us or our affiliates) for any particular item or service if we believe doing so is in the best interest of our franchise system. If we revoke a supplier, we will communicate the revocation to you via email or other written communication.

In the previous fiscal year, we ~~did not derive any revenue on account of franchisees' required purchases, but our affiliates did. In the previous fiscal year, our affiliates~~ derived \$~~6,857~~5,254 in rebates on account of franchisee purchases, which is 0.9% of our total revenue of \$591,551. We or our affiliates may receive rebates on account of required franchisee purchases from certain Approved Suppliers as follows: (1) for certain beverage products, rebates in the amount of \$2.00 per case; (2) for certain beverage products, rebates ranging from \$3.25 to \$4.25 per gallon; (3) for tomatoes, rebates in the amount of \$1.00 per case; (4) for flour, rebates in the amount of \$0.50 per bag.

### **Standards and Specifications**

You must operate your Franchised Restaurant according to our System Standards. You must purchase the oven, the mixer, the reverse osmosis system, Computer System, digital menu-boards and signage under specifications in the Confidential Manual. These specifications include Approved Suppliers, standards and specifications for the appearance, quality, price, performance and functionality. You must serve all Approved Products that we deem appropriate to take full advantage of the potential market and achieve standardization in the System and no items which are not set forth in the Confidential Manuals or otherwise authorized and approved by us in writing will be served. You must adhere to all specifications contained in the Confidential Manuals or as otherwise prescribed by us as to ingredients, methods of preparation and service, weight and dimensions of Approved Products served, and standards of cleanliness, health and sanitation. You will offer for sale all Approved Products, which we designate for the System, including any additional Approved Products we may now or in the future specify and any other ancillary products and services which we prescribe. You must comply fully and on a timely basis with any changes that we implement, including the introduction or cessation of any Approved Products.

By written notice to you and/or through changes in the Confidential Manual, we may revise our requirements and specifications, add or delete Approved Suppliers, terminate existing purchase arrangements and suppliers and/or enter into new purchase arrangements with additional suppliers. We may communicate our standards and specifications directly to suppliers who wish to supply you with furniture, fixtures, equipment, inventory and signage under specifications. We communicate our standards and specifications to you when we evaluate your proposed location for the Franchised Restaurant, during training, before you conduct your grand opening advertising, during on-site opening assistance, during periodic visits to your Franchised Restaurant and through the Confidential Manual (including periodic bulletins).

Required purchases from Approved Suppliers or purchases in accordance with our standards and specifications represent approximately 90% of the total cost to establish a SLICE HOUSE BY TONY GEMIGNANI® Restaurant and approximately 90% of the total cost to operate a SLICE HOUSE BY TONY GEMIGNANI® Restaurant.

### **Restaurant Development**

You are responsible for developing the Approved Location. You are obligated, at your expense, to use an architect, an engineer and/or general contractor to prepare all required construction plans and specifications to suit the shape and dimensions of the Approved Location and to ensure that such plans

and specifications comply with applicable ordinances, building codes, permit requirements, lease requirements and restrictions, and the mandatory specifications and layout provided by us. You must use our Approved Suppliers for ~~architectural~~interior design services. We will make available to you, at no charge to you, specifications for the development of a Franchised Restaurant, including specifications for the exterior and interior design and layout, fixtures, equipment, décor and signs. Such specifications are subject to alteration, as we deem necessary. You acknowledge that (i) any plans and specifications we provide you may not contain the requirements of any federal, state or local law, code or regulation (including those concerning the American with Disabilities Act (the “ADA”)) or similar rules governing public accommodations or commercial facilities with people with disabilities; and (ii) our review is only to ensure your compliance with our System. Compliance with all federal, state and local laws and regulations is your sole responsibility.

### **Advertising and Promotional Materials**

You will submit to us, for our prior approval, all advertising and promotional materials before you use them. We will use reasonable efforts to approve or disapprove such materials within 10 days after we receive them, but any materials not approved by us within this time period are deemed disapproved. You may not use any advertising or promotional materials that we have disapproved.

### **Insurance**

~~You~~Prior to attending training, you must purchase and maintain in full force and effect, at your expense and from a company licensed in the state where you operate and which are rated “A” or better by the A.M. Best Company, Inc. Currently, at a minimum, you must carry the following:

- a. “all risk” property insurance coverage on all assets including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of the Franchised Restaurant;
- b. workers’ compensation insurance that complies with the statutory requirements of the state in which the Franchised Restaurant is located;
- c. comprehensive general liability insurance against claims for bodily and personal injury, death and property damage (including medical coverage) caused by, or occurring in conjunction with, the operation of the Franchised Restaurant, or your conduct of business pursuant to the Franchise Agreement, with a minimum liability coverage of ~~\$1,000,000~~2,000,000 per occurrence and \$2,000,000 in the aggregate or, if higher, the statutory minimum limit required by state law;
- d. business interruption insurance coverage with a minimum liability coverage of \$1,800,000;
- e. liquor liability insurance coverage with a minimum liability coverage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate or, if higher, the statutory minimum limit required by state law;
- f. automobile liability insurance coverage for owned and non-owned vehicles with a minimum liability coverage of \$1,000,000;

- g. product liability insurance coverage covering any and all damages to any person as a result of ingesting the products sold at the Franchised Restaurant with a minimum liability coverage of \$2,000,000;

~~h. professional liability insurance with a minimum liability coverage of \$1,000,000;~~

h. ~~i.~~ employment practices insurance with a minimum liability coverage of \$1,000,000; and

i. ~~j.~~ cyber liability insurance with a minimum liability coverage of \$1,000,000.

You may be required to carry such other insurance as we may specify from time to time in our Confidential Manuals.

All insurance policies, except any workers' compensation policies, will: expressly name us as an additional insured or loss payee; contain a waiver of all subrogation rights against us and our successors or assigns; provide us with at least 30 days' written notice of termination, expiration, cancellation or material modification; and cannot be reduced, restricted, canceled or otherwise altered or amended without our prior written consent.

If you fail to procure or maintain the insurance that we require, we may (but are not required to) obtain the required insurance and charge the cost of the insurance to you, together with a reasonable fee for expenses incurred by us in so acting.

### Miscellaneous

We do not provide material benefits to you (including renewal rights or the right to additional franchises) based on whether you purchase through the sources we designate or approve.

As of the issuance date of this disclosure document, we have no purchasing or distribution cooperatives serving our System. However, we have the right to negotiate purchase arrangements with suppliers for the benefit of franchisees.

Other than as provided in this Item 8, we do not restrict what suppliers you may purchase other products or services from so long as the products and services comply with our standards and specifications, but we reserve the right to do so in the future.

## **ITEM 9 FRANCHISEE'S OBLIGATIONS**

**This table lists your principal obligations under the Franchise Agreement 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 |                                      | Franchise Agreement: Section in Agreement | Disclosure Document Item |
|------------|--------------------------------------|-------------------------------------------|--------------------------|
| a.         | Site selection and acquisition/lease | Franchise Agreement: Section 5            | Items 11 and 12          |
| b.         | Pre-opening purchases/leases         | Franchise Agreement: Section 13           | Items 7 and 8            |

| Obligation |                                                            | Franchise Agreement: Section in Agreement             | Disclosure Document Item |
|------------|------------------------------------------------------------|-------------------------------------------------------|--------------------------|
| c.         | Site development and other pre-opening requirements        | Franchise Agreement: Sections 5 and 8                 | Items 7, 8 and 11        |
| d.         | Initial and ongoing training                               | Franchise Agreement: Section 8                        | Items 6, 7 and 11        |
| e.         | Opening                                                    | Franchise Agreement: Sections 5 and 8                 | Item 11                  |
| f.         | Fees                                                       | Franchise Agreement: Sections 3, 8, 13, 15, 18 and 22 | Items 5, 6 and 7         |
| g.         | Compliance with standards and policies/Confidential Manual | Franchise Agreement: Sections 6, 7, 9, 10 and 13      | Items 8, 14 and 16       |
| h.         | Trademarks and proprietary information                     | Franchise Agreement: Sections 6, 7 and 13             | Items 13 and 14          |
| i.         | Restrictions on products/services offered                  | Franchise Agreement: Sections 5, 6 and 13             | Items 8 and 16           |
| j.         | Warranty and customer service requirements                 | Franchise Agreement: Section 13                       | Item 16                  |
| k.         | Territorial development and sales quotas                   | Franchise Agreement: Section 2                        | Item 12                  |
| l.         | Ongoing product/service purchases                          | Franchise Agreement: Section 13.3, 13.6               | Items 8 and 11           |
| m.         | Maintenance, appearance and remodeling requirements        | Franchise Agreement: Sections 5, 10 and 13            | Item 6                   |
| n.         | Insurance                                                  | Franchise Agreement: Section 15                       | Items 6, 7 and 8         |
| o.         | Advertising                                                | Franchise Agreement: Section 11                       | Items 6, 7 and 11        |
| p.         | Indemnification                                            | Franchise Agreement: Section 21.3                     | Item 6                   |
| q.         | Owner's participation/management/staffing                  | Franchise Agreement: Section 13                       | Item 15                  |
| r.         | Records and reports                                        | Franchise Agreement: Section 12                       | Item 11                  |
| s.         | Inspections and audits                                     | Franchise Agreement: Sections 6 and 13                | Items 6, 11 and 13       |
| t.         | Transfer                                                   | Franchise Agreement: Section 18                       | Item 17                  |

| Obligation |                              | Franchise Agreement: Section in Agreement | Disclosure Document Item |
|------------|------------------------------|-------------------------------------------|--------------------------|
| u.         | Renewal                      | Franchise Agreement: Section 4            | Item 17                  |
| v.         | Post-termination obligations | Franchise Agreement: Section 17           | Item 17                  |
| w.         | Non-competition covenants    | Franchise Agreement: Sections 7.4 and 7.2 | Item 17                  |
| x.         | Dispute resolution           | Franchise Agreement: Section 23           | Item 17                  |

## ITEM 10 FINANCING

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

## ITEM 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

**Pre-Opening Obligations.** Before you open the Franchised Restaurant, we will:

1. Designate the area in which you must locate the Franchised Restaurant (“**Site Selection Territory**”). (Franchise Agreement: Section 2.3.)
2. Review and approve a suitable site for the Franchised Restaurant and designate your Protected Area. (Franchise Agreement: Sections 2.5 and 5.1.)
3. Review to determine to accept or reject your lease or purchase agreement for the approved site for the SLICE HOUSE BY TONY GEMIGNANI® Restaurant. (Franchise Agreement: Sections 5.4 and 5.5.)
4. Make available to you, at no charge to you, written specifications for the Confidential Manual for the development of a Franchised Restaurant, including specifications for the exterior and interior design and layout, fixtures, equipment, décor and signs. This includes the names of Approved Suppliers and we do not deliver or install these items. (Franchise Agreement: Sections 5.1 and 5.2 of the Franchise Agreement.)
5. Provide the Initial Training. This training is described in detail later in this Item 11. (Franchise Agreement: Section 8.1.)
6. Provide to you on-site assistance and guidance to assist you with any questions you may have in opening the franchised SLICE HOUSE BY TONY GEMIGNANI® Restaurant for up to five days. If we deem necessary and appropriate or if you request additional assistance with respect to the

opening or continued operation of the Franchised Restaurant, you will pay our then-current fee for additional training. (Franchise Agreement: Section 8.2.)

7. Provide to you, on loan, one copy of the Confidential Manual, or grant you access to an electronic copy of the Confidential Manual. The approximate total number of pages in the Confidential Manual as of the date of this disclosure document is 345 pages. The Table of Contents of the Confidential Manual, along with number of pages devoted to each section, is included as Exhibit ~~D~~E to this disclosure document. (Franchise Agreement: Section 9.1.)

We will not provide assistance with respect to hiring or training your employees.

### **Site Selection**

We do not generally own sites and lease them to franchisees. You must obtain our approval of the Approved Location for your franchised SLICE HOUSE BY TONY GEMIGNANI® Restaurant within ninety (90) days of signing your Franchise Agreement. You must use our Approved Supplier for site selection services if we designate one in the future. You may propose the location for our consideration by submitting a site location package to us for approval. We may accept the site after we have evaluated it. (Franchise Agreement: Section 5.1.) The general site selection and evaluation criteria or factors that we consider in selecting your site includes the condition of the premises, demographics of the surrounding area, proximity to Restaurants and competitive businesses, lease/lender requirements, traffic patterns, visibility, vehicular and pedestrian access, proximity to major roads, available parking and overall suitability. You may request a one-time extension of this 90-day period, provided proof of good faith and best efforts to find an acceptable site for consideration. The extension's duration will be 90 days or less. We do not provide you with any assistance in conforming the outlet to local ordinances and building codes or obtaining permits and licenses. Other than providing you with our specifications we do not assist you with construction remodeling or decorating. If you fail to submit to us an acceptable site within ninety (90) days of the effective date of your Franchise Agreement and do not request an extension, we may terminate the Franchise Agreement. (Franchise Agreement: Sections 5.1 and 5.3.)

### **Typical Length of Time Before Operation**

We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of the Franchised Restaurant is between ten (10) and twelve (12) months. Factors that may affect your beginning operations include ability to secure permits, zoning and local ordinances, build-out of the Premises as of the lease date, supply chain disruptions, weather conditions and delays in installation of equipment and fixtures. You are required to open your Franchised Restaurant and be operational within nine months of the date that you submit architectural drawings for the Accepted Location. (Franchise Agreement: Sections 5.9 and 5.10). If you fail to open within this time period or fail to submit architectural drawings to us within six months of the Effective Date of the Franchise Agreement, then we may terminate the Franchise Agreement. (Franchise Agreement: Section 5.10).

If you are operating a Conversion Restaurant, you must re-open your Franchised Business within thirty (30) days of the execution of the Franchise Agreement (and Conversion Addendum). If you fail to re-open within this time period, then we may terminate the Franchise Agreement.

**Continuing Obligations.** After the opening of the Franchised Restaurant, we will:

1. Periodically advise you and offer general guidance to you by telephone, e-mail, facsimile, newsletters and other methods. We offer you advice and guidance on a variety of business

matters, including improvements to the Franchised Restaurant, operational methods, accounting procedures, resolving operating problems, Approved Suppliers, development of Additional Products and marketing and sales strategies. (Franchise Agreement: Section 14.1.)

2. Make periodic visits to the Franchised Restaurant to provide you with consultation, assistance and guidance in various aspects of the operation and management of the Franchised Restaurant. We may prepare written reports suggesting changes or improvements in the operations of the Franchised Restaurant and detailing deficiencies that become evident because of a visit. If we prepare a report, we may provide you with a copy. (Franchise Agreement: Section 14.2.)

3. May provide, and if we do, have the right to require that you, your General Manager or other staff members participate in, refresher courses, attend additional training, business meetings or annual conventions. (Franchise Agreement: Section 8.6.)

4. Approve forms of advertising materials you will use for local advertising, grand opening advertising and cooperative advertising. (Franchise Agreement: Section 11.2.)

5. Provide you with modifications to the Confidential Manual, as they are made available. (Franchise Agreement: Section 9.2.)

We will not provide assistance with respect to hiring and training your employees, establishing prices or establishing and using administrative, bookkeeping, accounting, and inventory control procedures outside of requiring your use of our Approved Supplier for accounting services.

### **Advertising and Promotion**

#### **General**

You must submit to us, for our prior approval, all advertising and promotional materials used by you including, but not limited to, television ads, radio ads, ad copy, coupons, flyers, scripts and direct mail. We will use reasonable efforts to provide notice of approval or disapproval within 10 days from the date we receive all requested material. If we do not approve submitted materials by the end of such 10-day period, those materials will be deemed disapproved. You will not use any marketing or promotional material prior to written approval by us and must promptly discontinue the use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from us. The submission of advertising materials to us for approval will not affect your right to determine the prices at which you sells products or provides services.

#### **Grand Opening Advertising**

Before opening your Franchised Restaurant, you must spend a minimum amount we specify on local advertising and promotion of initial opening (grand opening advertising), including print, media and other advertising or promotional efforts. We determine the minimum amount by assessing advertising costs in your area and taking into account the time of year that you are opening. Currently, the minimum amount you must spend on grand opening advertising is \$12,000. We will provide you with guidance for conducting grand opening advertising, and we will review and approve the materials you use in your grand opening advertising. If you fail to make grand opening expenditures as required we have the right to spend the amount we consider appropriate on such advertising, promotions and public relations

activities on your behalf, and you must reimburse us for such expenses upon demand. (Franchise Agreement: Section 11.1.)

#### Local Advertising Expenditures

Each week, you must spend 1% of your Gross Sales on Local Advertising Expenditure, and we may increase the requirement up to 3% of Gross Sales. You will pay for your ads and promotions directly, but we will provide you with general marketing guidelines and we will review and approve your advertisements. If you fail to spend the required amount on local advertising, promotions and public relations activities we may do so on your behalf and you must reimburse us for such expenses upon demand. Within 10 days after the end of each calendar quarter, you must furnish to us an accurate accounting of the expenditures on Local Advertising Expenditures for the preceding calendar quarter. (Franchise Agreement: Section 11.2)

#### Brand Marketing Fund

To assist in our regional and national advertising, we plan to develop a System-wide marketing fund (“**Brand Marketing Fund**”), and you must contribute to the Brand Marketing Fund in an amount up to 3% of monthly Gross Sales. We will not create the Brand Marketing Fund until there are ten (10) Franchised Restaurants, excluding Licensed Restaurants converting to Conversion Restaurants, open and operating. Currently, you are currently required to contribute 1% of your monthly Gross Sales to the Brand Marketing Fund. We will provide you with at least thirty (30) days’ notice of any increase in contributions. Brand Marketing Fund contributions will be made at the time and in the manner provided for Royalty payments. We will administer the Brand Marketing Fund as follows:

We will oversee all marketing programs, with sole control over creative concepts, materials and media used in such programs, and the placement and allocation thereof. We do not warrant that any particular franchisee will benefit directly or pro rata from expenditures by the Brand Marketing Fund. The program(s) may be local, regional or nationwide. Except as expressly provided in the Franchise Agreement, we do not assume direct or indirect liability or obligation to you with respect to collecting amounts due to the Brand Marketing Fund. (Franchise Agreement: Section 11.3(a).)

Brand Marketing Fund contributions may be used to meet the costs of, or to reimburse us for our costs of, producing, maintaining, administering and directing consumer advertising (including, without limitation, the cost of preparing and conducting television, radio, Internet, magazine, newspaper, and direct mail advertising campaigns and other public relations activities; fees paid to advertising agencies or public relations firms, or salaries paid to our staff dedicated to consumer marketing; developing and/or hosting an Internet web page or site and similar activities; employing advertising agencies to assist therein; and providing promotional brochures and other marketing materials to franchisees). All Brand Marketing Fund contributions will be accounted for separately from our monies and will not be used to defray any of our general operating expenses, except for such reasonable administrative costs and expenses and overhead, if any, that we may incur in activities reasonably related to the administration of the Brand Marketing Fund, which may include employee salaries. We will not use Brand Marketing Fund contributions for the direct solicitation of franchise sales but a brief statement regarding the availability of information about the purchase of SLICE HOUSE BY TONY GEMIGNANI® Franchised Restaurants may be included in advertising and other items produced or distributed using the Brand Marketing Fund contributions. (Franchise Agreement: Section 11.3(b).)

We expect to use all contributions in the fiscal year they are made. We will use any interest or other earnings of the Brand Marketing Fund before we use current contributions. We intend for the

Marketing Fund to be perpetual, but we have the right to terminate it if necessary. (Franchise Agreement: Section 11.3(c).)

Although we intend the Brand Marketing Fund to be perpetual duration, we have the right to terminate the Brand Marketing Fund at any time. We will not terminate the Brand Marketing Fund until all contributions and earnings have been used for advertising and promotional purposes or we have returned your *pro rata* share. (Franchise Agreement: Section 11.3(d).)

The Restaurants owned by our affiliates, including the Affiliate-Owned Restaurant, or us will make similar contributions to the Brand Marketing Fund.

We will have an unaudited accounting of the Brand Marketing Fund prepared each year and we will provide you with a copy if you request it. We are not required to audit the Brand Marketing Fund but we may do so at any time at the Brand Marketing Fund's expense. We may spend, on behalf of the Brand Marketing Fund, in any fiscal year an amount greater or less than the aggregate contribution of all Restaurants to the Brand Marketing Fund for that year, and the Brand Marketing Fund may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Brand Marketing Fund will be used to pay advertising costs before other assets of the Brand Marketing Fund are expended. (Franchise Agreement: Section 11.3(e).)

The Brand Marketing Fund is not a trust and we assume no fiduciary duty in administering the Brand Marketing Fund. (Franchise Agreement: Section 11.3(f).)

During the fiscal year ended December 31, ~~2021~~2023, we did not receive or spend any funds for the Brand Marketing Fund.

#### Cooperative Advertising

Although we are not obligated to do so, we may create a cooperative advertising program for the benefit of all franchises located in a particular region. We have the right to collect and designate up to 50% of the required Local Advertising Expenditures for cooperative advertising. We will determine the geographic territory and market areas for each cooperative advertising program. You must participate in any cooperative advertising program established in your region. If cooperative advertising is implemented in a particular region, we may establish an advertising council for franchises in that region to self-administer the program. If we establish a cooperative advertising program or programs with or without an advertising council, there are no limits on our right to change, dissolve or merge these program(s) and/or council(s) at any time. (Franchise Agreement: Section 11.4.)

#### Advisory Council

At this time, there is no advertising council composed of SLICE HOUSE BY TONY GEMIGNANI® franchisees.

We may periodically establish an advisory council (the “**Advisory Council**”), which will be made up of our representatives and representatives of 1 or more of our franchisees (the exact composition of the Advisory Council to be determined by us in our sole and absolute discretion), and which will advise us regarding proposed the general sales and operations of our franchised facilities. Whether or not the Advisory Council is formed, how it is established and how it shall conduct its business will be determined by us in our sole and absolute discretion. We will not be required to follow the advice of the

Advisory Council and we can terminate the Advisory Council at any time. Any expenses of establishing, maintaining or terminating the Advisory Council will be paid for by the Brand Marketing Fund.

### Internet Advertising

You may not establish a presence on, or market using, the Internet in connection with the Franchised Business without Franchisor's prior written consent. We have established and maintain an Internet Website at the uniform resource locator <https://slicehouse.com/> that provides information about the System and the Approved Products and services that we and our franchisees provide ("Website"). We may (but we are not required to) include at the Website an interior page containing information about your Franchised Restaurant. If we include this information on the Website, you may be requested to prepare the page, at your expense, using our template. All information must be approved by us before it is posted. We retain the sole right to market on the Internet, including the use of websites, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. You may be requested to provide content for our Internet marketing, and you must follow our intranet and Internet usage rules, policies and requirements. We retain the sole right to use the Marks on the Internet, including on websites, as domain names, directory addresses, search terms and meta-tags, and in connection with linking, marketing, co-branding and other arrangements. We retain the sole right to approve any linking to, or other use of, the Website. We have exclusive rights to the domain name <https://slicehouse.com/>. (Franchise Agreement: Section 11.5.)

### Promotions

You must offer and participate in such rebates, giveaways and other promotions, including customer surveys and mystery shopper programs ("Promotions") as may be required by us. You must honor all Promotions so long as doing so does not contravene with any laws. You may not create or issue any Promotions or sell any Promotions that are not required, sponsored or approved by us. You may not issue coupons or discounts of any type unless approved by us. Your participation in Promotions will be at your sole expense. We will not require you to spend more than \$250 per month to per month for mystery shopper programs; provided, however, this limit shall not apply any changes to your Franchised Restaurant that must be made because of the mystery shopper feedback or the value of any Promotion provided to customers. (Franchise Agreement: Section 11.2(c).)

### Computer System

At your expense, you must purchase, use, maintain and upgrade the Computer System. (Franchise Agreement: Section 13.15.) We currently require that each SLICE HOUSE BY TONY GEMIGNANI® Restaurant have Toast POS, Embed, and Incentivio and a laptop or desktop to run the software required by the Approved Supplier that provides accounting services. We assume that you already have a laptop or desktop that can be used in the operation of the Franchised Restaurant. [We require that you purchase our required phone AI program \(\\$199 per month\) and mobile application services \(\\$250 per month\).](#)

The approximate initial cost of the Computer System, excluding the laptop/desktop, ranges from \$8,000 to \$11,000 for a new SLICE HOUSE BY TONY GEMIGNANI® Restaurant.

Neither we, our affiliates, nor any third parties are required to provide ongoing maintenance, repairs or upgrades to your Computer System. Currently, you are not required to enter into any ongoing maintenance or support agreements for the maintenance of your Computer System, but you may find it

advantageous to do so and we do not estimate that you will incur any costs related to maintenance, updating, upgrading and/or support contracts for the Computer System.

You may periodically be required to update or upgrade the Computer System, whenever we believe it is necessary. We may introduce new requirements or modify our specifications and requirements for your Computer System.

We, or our designated vendor, will have independent access to your Computer System and all information you collect or compile at any time without first notifying you. There are no contractual limitations on the frequency or cost of these obligations. (Franchise Agreement: Section 13.15.)

### **Training**

We will provide to three people at no charge (a) initial management training (“**Initial Management Training**”); and (b) initial operations training (“**Initial Operations Training**”, and with Initial Management Training, the “**Initial Training**”). Your General Manager and Operating Principal (as defined in Item 15) must attend and complete to our satisfaction. If you already own and operate a SLICE HOUSE BY TONY GEMIGNANI® Restaurant or Conversion Restaurant, the Initial Training program may be reduced based on the experience of your existing staff and performance of your first SLICE HOUSE BY TONY GEMIGNANI® Restaurant or Conversion Restaurant. The duration of the Initial Training is approximately six weeks total—~~three~~two weeks at our SLICE HOUSE BY TONY GEMIGNANI® Restaurant in Walnut Creek, California or other location we deem appropriate, ~~and three;~~ four weeks on-site at your Franchised Restaurant (where approximately two of these weeks of training will be prior to your grand opening, and approximately two of these weeks of training will be after your grand opening).

The six-week training program applies to your first Restaurant. Provided you are in compliance with your franchise agreement and area development agreement with us, the following training timeline applies to subsequent Restaurants that you own and operate:

|                                         |                                                                                               |
|-----------------------------------------|-----------------------------------------------------------------------------------------------|
| <u>Second Restaurant</u>                | <u>3 weeks on site (approximately half before grand opening and half after grand opening)</u> |
| <u>Third and Fourth Restaurant</u>      | <u>10 days on site (approximately half before grand opening and half after grand opening)</u> |
| <u>Fifth and Subsequent Restaurants</u> | <u>1 week on site (approximately half before grand opening and half after grand opening)</u>  |

The above table is an estimate of training requirements for subsequent Restaurants that you own and operate. We reserve the right to modify these requirements in our discretion and/or based on your need.

We do not charge for Initial Training for up to three attendees. You must pay a fee of \$1,500 per day for each additional person in excess of those attendees. We will provide, at our expense, instructors, facilities and training materials, which consist of our Confidential Manual, marketing and promotional materials, videos and handouts about our instructional programs and philosophies. Currently, Initial Training occurs on an as-needed basis. You will be responsible for all expenses of your trainees in the Initial Training, including all travel, lodging and meal expenses and compensation of, including workers’ compensation insurance for, your trainees. (Franchise Agreement: Section 8) You are responsible for all travel costs and living expenses for any person who attends Initial Training or other training.

The periods provided in the chart are an estimate of the time it will take to complete training. The topics covered are listed in the chart below. (Franchise Agreement: Section 8.)

### TRAINING PROGRAM

| Subject                                                                               | Hours of Classroom Training | Hours of On-the-Job Training | Location                                                                                                                                                                           |
|---------------------------------------------------------------------------------------|-----------------------------|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| History of Slice House                                                                | <del>40</del>               | <del>01</del>                | <del>Walnut Creek, CA, or</del><br><del>other</del> <u>Designated training</u><br><del>location we designate</del>                                                                 |
| Use of the Manual/ <u>Recipe Book/Picture Book</u>                                    | <del>70</del>               | <del>018</del>               | <del>Walnut Creek, CA, or</del><br><del>other</del> <u>Designated training</u><br><del>location we designate</del> <u>and</u><br><u>on site at Franchisee's</u><br><u>location</u> |
| Tour of Slice House                                                                   | <del>80</del>               | <del>01</del>                | <del>Walnut Creek, CA, or</del><br><del>other</del> <u>Designated training</u><br><del>location we designate</del>                                                                 |
| <del>Pre-Opening Procedures</del> <u>Making starter / Making dough</u>                | <del>80</del>               | <del>022</del>               | <del>Walnut Creek, CA, or</del><br><del>other</del> <u>Designated training</u><br><del>location we designate</del> <u>and</u><br><u>on site at Franchisee's</u><br><u>location</u> |
| <del>Personnel Issues</del> <u>Push out par bakes – Sicilian, Detroit and Grandma</u> | <del>80</del>               | <del>326</del>               | <del>Walnut Creek, CA, or</del><br><del>other</del> <u>Designated training</u><br><del>location we designate</del> <u>and</u><br><u>on site at Franchisee's</u><br><u>location</u> |
| <del>Advertising</del> <u>Cook par bakes</u>                                          | <del>80</del>               | <del>522</del>               | <del>Walnut Creek, CA, or</del><br><del>other</del> <u>Designated training</u><br><del>location we designate</del> <u>and</u><br><u>on site at Franchisee's</u><br><u>location</u> |
| Management Procedures                                                                 | <del>80</del>               | <del>2028</del>              | <del>Walnut Creek, CA, or</del><br><del>other</del> <u>Designated training</u><br><del>location we designate</del> <u>and</u><br><u>on site at Franchisee's</u>                    |

| Subject                                                                        | Hours of Classroom Training | Hours of On-the-Job Training | Location                                                                                                                             |
|--------------------------------------------------------------------------------|-----------------------------|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                |                             |                              | <a href="#">location</a>                                                                                                             |
| <del>Franchise Reporting Requirements</del> <a href="#">Stretch Pizzas</a>     | <del>80</del>               | <del>326</del>               | <del>Walnut Creek, CA, or other</del> <a href="#">Designated training location we designate and on site at Franchisee's location</a> |
| <del>Accounting/Record keeping</del> <a href="#">Make Pizzas</a>               | <del>80</del>               | <del>526</del>               | <del>Walnut Creek, CA, or other</del> <a href="#">Designated training location we designate and on site at Franchisee's location</a> |
| <del>Customer Service Procedures</del> <a href="#">Cook Pizzas / Oven Time</a> | <del>80</del>               | <del>732</del>               | <del>Walnut Creek, CA, or other</del> <a href="#">Designated training location we designate and on site at Franchisee's location</a> |
| <del>Front/Back of House—Manager Duties</del> <a href="#">Finish Pizzas</a>    | <del>80</del>               | <del>1522</del>              | <del>Walnut Creek, CA, or other</del> <a href="#">Designated training location we designate and on site at Franchisee's location</a> |
| <del>Back of House – Prep/Cook Procedures – Pars/ Prep Lists/Shelf life</del>  | <del>80</del>               | <del>4024</del>              | <del>Walnut Creek, CA, or other</del> <a href="#">Designated training location we designate and on site at Franchisee's location</a> |
| <del>Inventory Management</del>                                                | <del>80</del>               | <del>512</del>               | <del>Walnut Creek, CA, or other</del> <a href="#">Designated training location we designate and on site at Franchisee's location</a> |
| <del>POS System</del>                                                          | <del>80</del>               | <del>716</del>               | <del>Walnut Creek, CA, or other</del> <a href="#">Designated training location we designate and on site at Franchisee's location</a> |

| Subject             | Hours of Classroom Training | Hours of On-the-Job Training | Location                                                                                                                             |
|---------------------|-----------------------------|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
|                     |                             |                              | <a href="#">location</a>                                                                                                             |
| Cleaning Procedures | <del>8</del> <u>0</u>       | <del>5</del> <u>12</u>       | <del>Walnut Creek, CA, or other</del> <a href="#">Designated training location we designate and on site at Franchisee's location</a> |
| Safety Procedures   | <del>8</del> <u>0</u>       | <del>5</del> <u>12</u>       | <del>Walnut Creek, CA, or other</del> <a href="#">Designated training location we designate and on site at Franchisee's location</a> |
| Totals              | <del>120</del> <u>0</u>     | <del>120</del> <u>300</u>    |                                                                                                                                      |

Our training is supervised by Bill Ginsburg. Mr. Ginsburg has over forty (40) years of experience in operating restaurants and [over](#) five years of experience with us and our affiliates. Additional employees may provide training who have at least twelve (12) months' experience in the subject matter being taught.

In conjunction with the opening of your Franchised Restaurant, we will provide a representative for on-site opening assistance for a period of up to five days. If we deem necessary and appropriate the provision of, or if you request and we are available to provide, additional on-site assistance with respect to the opening of the Franchised Restaurant that exceeds five days, you will pay our then-current Additional Training Fee, which is currently \$500 per trainer, per day, plus the trainer(s)' expenses (travel costs, room and board) for such additional assistance.

You will be charged the Additional Training Fee if you have to repeat Initial Training, we require you to attend additional training, or you designate a new General Manager. You will also pay fees for ongoing and additional training, which vary depending on the program. We may also require you to attend additional training, business meetings or an annual convention. Attendance at these programs will be at your expense and we may charge you our then-current training rates. (Franchise Agreement: Section 8.5.) You are responsible for training your own employees and other management personnel. In addition, any costs relating to any local or state requirements, which may include certification, will be your responsibility. You are responsible for all travel costs and living expenses for any person who attends any ongoing training events. (Franchise Agreement: Section 8.5.)

## ITEM 12 TERRITORY

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

### **Site Selection Territory**

The Franchise Agreement permits you to establish and operate a SLICE HOUSE BY TONY GEMIGNANI® Restaurant at one Approved Location. If, at the time the Franchise Agreement is executed, a location for your Restaurant is not identified or obtained by you and approved by us, you must lease or acquire a location within a specific geographic area (the “**Site Selection Territory**”) within ninety (90) days of executing your Franchise Agreement.

We determine the location and size of the Site Selection Territory in our sole and absolute discretion. The Site Selection Territory will be determined by the demographics and population size specific to the market within which you are looking for a location. There is no minimum population size for the target demographic group within your Site Selection Territory. Factors we consider when determining your Site Selection Territory are zip codes and/or city blocks. Also used in determining the boundaries of your Site Selection Territory are the major and restricting topographical features which define contiguous areas such as rivers, mountains, major roads, and undeveloped land areas, the density of residential and business entities, trading patterns and traffic flows and other factors as we deem relevant. The sole purpose of establishing the Site Selection Territory is to provide you with the boundaries within which you may procure a location for your Franchised Restaurant. Once you procure a location for your Franchised Restaurant, the Site Selection Territory automatically terminates. If you already have a location at the time you sign your Franchise Agreement, you will not be granted a Site Selection Territory.

If you are not in default under any of the terms of your Franchise Agreement, and subject to our reserved rights (see below), pending determination of the location for your Franchised Restaurant, we will not operate or grant a license or franchise to any third party to operate another Restaurant using the Marks within the geographic region listed as the Site Selection Territory. During the period of time you are finding a site within your Site Selection Territory, we and other SLICE HOUSE BY TONY GEMIGNANI® franchisees may solicit and accept customers that may be located in your Site Selection Territory. You will not be paid any compensation for solicited and accepted customers.

Once the location for your Franchised Restaurant has been determined and approved by us, we will designate a Protected Area (see below) and you will no longer have any right of exclusivity or territorial protection within any part of the Site Selection Territory. The Site Selection Territory is delineated for the sole purpose of site selection and automatically expires when the Protected Area has been determined.

A description of your Site Selection Territory we grant to you will be set forth in Exhibit 2 to your Franchise Agreement. Your Site Selection Territory rights are not dependent upon achievement of a certain sales volume or market penetration.

### **Protected Area**

Once the location for your Franchised Restaurant has been determined and approved by us, we will grant you a “Protected Area.” If you are not in default under your Franchise Agreement, we will not operate or grant a license or franchise to any third party to operate another Restaurant using the Marks within the geographic region listed as the Protected Area on Exhibit 1 to your Franchise Agreement (the “**Protected Area**”) until the expiration or earlier termination of your Franchise Agreement. The limited Protected Area granted under your Franchise Agreement is the only territorial protection granted to you

and does not in any way expressly or implicitly grant any other area, market, territorial, or development rights to you or restrict us or our affiliates in any way in the manner in which we and our affiliates may conduct or operate their respective businesses outside the Protected Area. Factors we consider when determining your Protected Area are zip codes, city blocks, distance radius, and/or population data. There is no minimum Protected Area size. While your Protected Area is not dependent upon achieving a certain sales volume, market penetration, or other contingency, we may modify or removed territorial rights granted under the franchise agreement if you are in breach of the franchise agreement.

### **Relocation**

You will operate your Franchised Restaurant only from the location we approve. You may not relocate your Franchised Restaurant without obtaining our prior written approval. In granting such approval, we will consider whether the lease for the Approved Location of your Restaurant has expired or terminated without fault on your part; if the Site has been destroyed, condemned or rendered unusable; changes in the character of the location of your Restaurant sufficiently detrimental to your business potential to warrant a relocation; the location of other and future facilities; and other factors deemed relevant by us in our reasonable discretion. Any relocation of your Franchised Restaurant will be at your sole expense. All leases, subleases or other agreements you enter into to relocate the Restaurant must conform to the provisions of the Franchise Agreement. If we approve of your request to relocate your Franchised Restaurant, then you must complete a new Exhibit 1 to the Franchise Agreement and pay us the Relocation Fee outlined in Item 6 upon our written approval for costs and other expenses we may incur in our consideration of the request. This payment is not refundable under any circumstances. Although we may assist you in selecting a location, and we must approve the location, you are solely responsible for selecting the location and negotiating the lease or purchase terms. You are also responsible for build-out of your Franchised Restaurant and for ensuring it is constructed consistent with the plans and specifications we designate.

### **Additional Franchises**

We generally do not grant any right of first refusal, options or similar rights to obtain additional franchises. If you wish to obtain an additional territory, you will be required to enter into a separate Franchise Agreement for the territory.

### **Our Reserved Rights**

We have no current plans to franchise businesses under a different Mark, but we reserve the right to do so in the future.

We expressly retain the right to conduct the following activities without any payment to you:

(a) establish, and license others to establish, Restaurants using the SLICE HOUSE BY TONY GEMIGNANI® Restaurant Marks at any location outside of your Site Selection Territory (if applicable) and near your Restaurant or Protected Area;

(b) purchase or otherwise acquire the assets or controlling ownership of, and thereafter continue to own and operate, 1 or more Competitive Business(es) (defined below) (and/or acquire franchise, license and/or similar agreements for such Competitive Business(es)) that do not use the Marks, some or all of which may be located anywhere, including within the Site Selection Territory (if applicable) or near your Restaurant or Protected Area;

(c) be acquired (regardless of the form of transaction) by any business, even if the other business operates, franchises and/or licenses Competitive Businesses within the Site Selection Territory (if applicable) or near your Restaurant or Protected Area;

(d) sell the services and Approved Products authorized for Restaurants using the Marks or other trademarks, service marks and commercial symbols through alternate channels of distribution, such as joint marketing with partner companies, direct mail, catalogue sales, Internet sites and co-branding strategies, pursuant to such terms and conditions as we deem appropriate;

(e) operate and/or franchise others to operate Restaurants identified in whole or in part by the Marks and/or utilizing the System in the Site Selection Territory or Protected Area that are located in shopping mall, military base, state or national park, stadium, airport, convention center, medical center, public transportation facility, toll booth plaza, corporate facility, amusement park, fairground, school or university campus or sports arena or any similar captive market location not reasonably available to you (a “**Non-Traditional Site**”);

(f) award national, regional or local licenses to third parties to sell products under the Marks in Non-Traditional Sites;

(g) the exclusive right to distribute Approved Products and merchandise to wholesalers or retail businesses (such as supermarkets and specialty stores) (“**Alternative Distributors**”);

(h) the exclusive right to own and operate businesses under different marks inside or outside the Protected Area, or license or grant to others the right to own and operate businesses under different marks inside the Protected Area; and

(i) engage in any activities not expressly forbidden by the Franchise Agreement.

If any Non-Traditional Site (as described above) is located within the physical boundaries of your Site Selection Territory or Protected Area, then the premises of such Non-Traditional Site will not be included in your Site Selection Territory or Protected Area and you will have no rights to this Non-Traditional Site.

The term “**Competitive Business**” means any business that operates, manages, offers or provides (or grants franchises or licenses to others the right to operate a business that operates, manages, offers or provides), directly or indirectly, pizza, or in which Trade Secrets or other Confidential Information could be used to the disadvantage of us, any affiliate or our other franchisees; provided, however, that the term “**Competitive Business**” shall not apply to (a) any business operated by you under a Franchise Agreement with us, and (b) any business operated by a publicly-held entity in which you own less than a 5% legal or beneficial interest.

### ITEM 13 TRADEMARKS

We grant you a nontransferable, non-exclusive license to use the SLICE HOUSE BY TONY GEMIGNANI® trade name and service mark and the other Marks. You must follow our rules when you use the Marks. You cannot use the Marks as part of a corporate name or with modifying words, designs, or symbols except for those which we license to you. You may not use the Marks in any manner that we have not authorized in writing.

Our affiliate, K&G, has applied for registration of the Marks with the United States Patent and Trademark Office on the Principal Register as follows:

| Mark                                                                              | Registration Number | Registration Date |
|-----------------------------------------------------------------------------------|---------------------|-------------------|
|  | 4698248             | March 10, 2015    |
| SLICE HOUSE BY TONY GEMIGNANI                                                     | 6515003             | October 12, 2021  |
| RESPECT THE CRAFT                                                                 | 4349159             | June 11, 2013     |

K&G will file all required affidavits for the Marks with the U.S. Patent and Trademark Office.

Effective July 8, 2021, we entered into an exclusive perpetual license agreement with K&G for the use of the Marks (“**License Agreement**”). The License Agreement may be terminated by either us or K&G due to a material breach of any of its provisions. Under the License Agreement, we have acquired the right to sell SLICE HOUSE BY TONY GEMIGNANI® Restaurant franchises in the United States of America and collect franchise fees, royalties and other fees from franchisees. If we breach the License Agreement, or if the License Agreement is otherwise terminated, you may lose your rights to use the Marks.

Other than the above, there are no agreements currently in effect that significantly limit our rights to use or license the use of the Marks in any manner material to the franchise.

Currently, we know of no effective material determinations of the USPTO, trademark trial and appeal board, the trademark administrator of any state or any court; pending infringement, opposition or cancellation; or pending material litigation involving the Marks.

We know of no infringing or prior superior uses that could materially affect the use of the Marks in any other state in which a Restaurant is located or to be located.

You do not receive any rights to the Marks other than the nonexclusive right to use them in the operation of your Franchised Restaurant. You must follow our rules when you use the Marks. You must use the Marks as the sole trade identification of the SLICE HOUSE BY TONY GEMIGNANI® Restaurant. You cannot use a name or Mark as part of a corporate name or with modifying words, designs or symbols except for those that we license to you. You may not use any Mark in connection

with the sale of any unauthorized services or products, or in any other manner that we do not authorize in writing. You must obtain a fictitious or assumed name registration if required by your state or local law.

Any unauthorized use of the Marks by you is a breach of the Franchise Agreement and an infringement of K&G's rights in the Marks. You must not contest the validity or ownership of the Marks, including any Marks that we license to you after you sign the Franchise Agreement. You must not assist any other person in contesting the validity or ownership of the Marks.

You must immediately notify us when you learn about an infringement of, or challenge to your use of, any Mark, or any claim by any person of any rights in any Marks, and you must not communicate with any person other than us, K&G and our counsel regarding any infringements, challenges or claims unless you are legally required to do so, however, you may communicate with your own counsel at your own expense. K&G will take the action it deems appropriate in these situations and has exclusive control over any settlement or proceeding concerning any Mark. You must take any actions that, in the opinion of our counsel, may be advisable to protect and maintain K&G's interests in any proceeding or to otherwise protect and maintain K&G's interests in the Marks.

While we are not required to defend you against a claim arising from your use of our Marks, we will reimburse you for all of your expenses reasonably incurred in any legal proceeding disputing your authorized use of any Mark, but only if you notify us of the proceeding in a timely manner and you have complied with our directions with regard to the proceeding. We have the right to control the defense and settlement of any proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel and for expenses in removing signage or discontinuing your use of any Mark. We will not reimburse you for disputes where we challenge your use of a Mark.

If we require, you must modify or discontinue the use of any Mark and use other trademarks or service marks we designate. We do not have to reimburse you for modifying or discontinuing the use of a Mark or for substituting another trademark or service mark for a discontinued Mark. If we adopt and use new or modified Marks, you must add or replace equipment, signs, supplies and fixtures, and you must make other modifications we designate as necessary to adapt your Franchised Restaurant for the new or modified Marks. We do not reimburse you for any loss of goodwill associated with a modified or discontinued Mark.

You must notify us if you apply for your own trademark or service mark registrations. You must not register or seek to register as a trademark or service mark, either with the USPTO or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any of our Marks.

You may not advertise on the Internet using, or establish, create or operate an Internet site or website using any domain name containing, the words "SLICE HOUSE BY TONY GEMIGNANI®" or any variation of those terms or any other Mark without our prior written consent.

#### **ITEM 14**

#### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

There are no patents or pending patents that are material to the Franchised Restaurant. We own copyrights in the Confidential Manual, our Website, our marketing materials and other copyrightable items that are part of the System, including our proprietary software (if applicable). We have not registered these copyrights with the United States Register of Copyrights. You may use these items only

as we specify while operating the Franchised Restaurant and you must stop using them if we direct you to do so.

We know of no effective determinations of the U.S. Copyright Office or any court regarding any of our copyrighted materials. Our right to use or license copyrighted items is not materially limited by any agreement or known infringing use.

We have developed certain information relating to the development and operation of SLICE HOUSE BY TONY GEMIGNANI® Restaurant that we possess, which includes without limitation: (a) the System and the know-how related to it; (b) plans, specifications, layout, size and physical characteristics of SLICE HOUSE BY TONY GEMIGNANI® Restaurants; (c) site selection criteria, land use and zoning techniques and criteria; (d) methods in obtaining licensing and meeting regulatory requirements; (e) sources and design of equipment, furniture, fixtures, furnishings, forms, materials and supplies; (f) marketing, advertising and promotional programs; (g) menus, recipes and ingredients for the products sold from the SLICE HOUSE BY TONY GEMIGNANI® Restaurant; (h) the selection and training of personnel; (i) any computer software; (j) methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation and franchising of SLICE HOUSE BY TONY GEMIGNANI® Restaurant; (k) knowledge of specifications for and suppliers of certain products, materials, supplies, furniture, furnishings and equipment; and (l) knowledge of operating results and financial performance of SLICE HOUSE BY TONY GEMIGNANI® Restaurants other than those operated by you (or your affiliates) (collectively, the “**Confidential Information**”). We will provide the Confidential Information to you during training, in the Confidential Manual and as a result of the assistance we furnish you during the term of the franchise. You may only use the Confidential Information for the purpose of operating your Franchised Restaurant. You may only divulge the Confidential Information to employees who must have access to it to operate the SLICE HOUSE BY TONY GEMIGNANI® Restaurant. You are responsible for enforcing the confidentiality provisions as to your employees.

Certain individuals with access to the Confidential Information, including your shareholders (and members of their immediate families and households), officers, directors, partners, members, if you are a corporation, limited liability company or other business entity, and your managers, executives, employees and staff will be required to sign nondisclosure and non-competition agreements, our current form of which is attached as Exhibit [H](#) to this disclosure document. We will be a third-party beneficiary with the right to enforce the agreements.

All ideas, concepts, techniques or materials concerning the System or developed, in whole or in part, using trade secrets or other Confidential Information, whether or not protectable intellectual property and whether created by or for you or your owners or employees (“**Improvements**”), will be promptly disclosed to us and shall be deemed the sole and exclusive property of us. We have the right to incorporate Improvements into the System and may use them and authorize you and others to use them in the operation of SLICE HOUSE BY TONY GEMIGNANI® Restaurant without payment of compensation to you or your owners or employees. Improvements will then also constitute Confidential Information. We will disclose to you any Improvements that are made part of the System. As we may reasonably request, you will, or will ensure that your owners or employees, take all actions to assist in our efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by you or not.

Your use of the Confidential Manual or the Confidential Information in an unauthorized manner is a material default of the Franchise Agreement that may result in termination of the Franchise Agreement.

#### **ITEM 15**

### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

The SLICE HOUSE BY TONY GEMIGNANI® Restaurant must always be under the direct, full-time, day-to-day supervision of you or the person or people that will be in charge of the on-premises supervision of the operations of the Restaurant (the “**General Manager**”). You and your General Manager must attend and complete to our satisfaction, our Initial Training before opening the SLICE HOUSE BY TONY GEMIGNANI® Restaurant. You must keep us informed at all times of the identity of your General Manager. If you must replace the General Manager, the replacement must attend and satisfactorily complete our Initial Training.

As described in Item 14, certain individuals associated with your Franchised Restaurant, including your owners (and members of their immediate families and households), officers, directors, partners, and your managers/General Managers and executives may be required to sign a Nondisclosure and Non-competition Agreement, our current form of which is attached as Exhibit [FJ](#) to this disclosure document. We will be a third-party beneficiary with the independent right to enforce the agreements.

If you are a corporation or other business entity, each of the owners of the Franchisee entity must personally guarantee the performance of all of the Franchisee entity’s obligations under the Franchise Agreement and agree to be personally liable for the Franchisee entity’s breach of the Franchise Agreement by signing the “Principal Owners’ Guaranty” attached as Exhibit 4 to the Franchise Agreement. The “Principal Owners’ Statement,” attached as Exhibit 3 to the Franchise Agreement, outlines all of your owners and their interests in you.

#### **ITEM 16**

### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must serve all Approved Products that we deem appropriate to take full advantage of the potential market and achieve standardization in the System and no items which are not set forth in the Confidential Manuals or otherwise authorized and approved by us in writing will be served. You must adhere to all specifications contained in the Confidential Manuals or as otherwise prescribed by us as to ingredients, methods of preparation and service, weight and dimensions of Approved Products served, and standards of cleanliness, health and sanitation. You will offer for sale all Approved Products, which we designate for the System, including any additional Approved Products we may now or in the future specify and any other ancillary products and services which we prescribe. You must only sell those Approved Products, which we prescribe or otherwise authorize. You must comply fully and on a timely basis with any changes that we implement, including the introduction or cessation of any Approved Products.

We will provide you, in the Confidential Manuals or other written or electronic form, with a list of specifications and, if required, a list of Approved Suppliers for some or all of the supplies, signs, equipment and other approved or specified items and services, and we may from time to time issue revisions to such list.

If you sell a product or provides a service to customers from your Franchised Restaurant that is not an Approved Product or approved service, or use an unapproved ingredient, we may charge you a penalty fee equal to \$250 for each day that you sell a product or provide a service that is not an Approved Product or approved service, or use an unapproved ingredient, until cured; provided, however, if you cure the breach, and you commit the breach again, this fee will increase by \$100 for each subsequent breach.

We have the right to designate certain services and products, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as we determine including, but not limited to, franchisee qualifications, test marketing and regional or local differences. We have the right to give our consent to one (1) or more franchisees to provide certain services or products not authorized for general use as part of the System.

We reserve the right, at any time and from time to time, to establish maximum, minimum, or other pricing requirements on prices that you may charge for products or services to the fullest extent allowed by applicable law, which may include regional, special venue or demographic variations.

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**ITEM 17**  
**RENEWAL, TERMINATION, TRANSFER AND DISPUTE**  
**RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

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

| <b>Provision</b>                               | <b>Franchise Agreement:<br/>Section in Franchise or Other<br/>Agreement</b> | <b>Summary</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------------------------------------|-----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Length of the franchise term                   | Franchise Agreement: Section 4.1                                            | The initial term is 10 years.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                                                | Development Agreement;<br>Section 4                                         | As specified and agreed to.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Renewal or extension of the term               | Franchise Agreement: Section 4.2                                            | You may renew for 2 additional terms of 5 years each. If you fail to meet any one of the conditions in (c) below, we may refuse to renew or extend the terms of your Franchise Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|                                                | Development Agreement; Not Applicable                                       | Not Applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Requirements for franchisee to renew or extend | Franchise Agreement: Section 4.2                                            | You may renew the Franchise Agreement if you: have fully complied with the provisions of the Franchise Agreement; have the right to maintain possession of the approved location or an approved substitute location for the term of the renewal; have paid the Successor Franchise Fee; have made capital expenditures as necessary to maintain uniformity with the System; have satisfied all monetary obligations owed to us; are not in default of any provision of the Franchise Agreement or any other agreement with us; have given timely written notice of your intent to renew; sign a current Franchise Agreement, which may have different terms and conditions than your original Franchise Agreement; comply with current training and certification/licensing requirements; |

| Provision                               | Franchise Agreement:<br>Section in Franchise or Other<br>Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-----------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                         |                                                                    | and sign our then-current form general release.                                                                                                                                                                                                                                                                                                                                                                                                  |
|                                         | Development Agreement; n/a                                         | Not Applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Termination by franchisee               | Franchise Agreement: Section 16.1                                  | You may terminate the Franchise Agreement if you are in compliance with it and we materially breach it and we fail to begin to cure our breach within 90 days of receiving your written notice, subject to state law.                                                                                                                                                                                                                            |
|                                         | Development Agreement; Not Applicable                              | Not Applicable, subject to state law.                                                                                                                                                                                                                                                                                                                                                                                                            |
| Termination by franchisor without cause | Franchise Agreement; Not Applicable                                | Not Applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|                                         | Development Agreement; Not Applicable                              | Not Applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Termination by franchisor with cause    | Franchise Agreement: Section 16.2                                  | We may terminate the Franchise Agreement only if you default. If we terminate the Franchise Agreement following a default, your interest in the franchise will terminate.                                                                                                                                                                                                                                                                        |
|                                         | Development Agreement, Section 5                                   | We may terminate the Development Agreement only if you default.                                                                                                                                                                                                                                                                                                                                                                                  |
| “Cause” defined—curable defaults        | Franchise Agreement: Section 16.2                                  | Your failure to pay any amounts due to us within 5 days of notice; your failure to maintain insurance within 10 days of notice; your failure to cure any other default by you or to comply with any mandatory specification, standard or operating procedure prescribed in the Confidential Manuals or otherwise prescribed in writing within 30 days of notice; or your failure to meet Minimum Performance Standards within 30 days of notice. |

| Provision                            | Franchise Agreement:<br>Section in Franchise or Other<br>Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|--------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                      | Development Agreement,<br>Section 5.2 – 5.9                        | Cause of default provides 10 day opportunity to cure; 30 day notice and opportunity to cure; reduction or elimination of developer’s rights; effect of termination, cross-default, non-exclusive rights.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| “Cause” defined–non-curable defaults | Franchise Agreement: Section 16.2                                  | We have the right to terminate the Franchise Agreement without giving you an opportunity to cure if you: fail to find a location for your restaurant; fail to attend training; fail to furnish us with evidence that all employed instructors have obtained state certifications and licenses (if required); fail to obtain and/or maintain any state mandated licenses; make any material misrepresentation or omission in your application or otherwise; are convicted of or plead no contest to a felony or other crime or offense that is likely to adversely affect the reputation of the System; fail to refrain from activities, behavior or conduct likely to adversely affect the reputation of the system; use in an unauthorized manner any portion of the Confidential Manuals; fail to execute or require others to execute a nondisclosure and non-competition agreement; abandon, fail or refuses to actively operate the Restaurant for five (5) or more consecutive days; make an unauthorized transfer; fail to maintain the Restaurant under the supervision of a General Manager; submit to us on two (2) or more separate occasions at any time during the term of the Franchise any reports or other data, information or supporting records that understate any Royalty Fee or any other fees owed to us by more than two percent (2%); are adjudicated as bankrupt, become insolvent, commit any affirmative act of insolvency, or file any action or petition of insolvency; if a receiver of its property or any part thereof is appointed by a |

| Provision | Franchise Agreement:<br>Section in Franchise or Other<br>Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-----------|--------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|           |                                                                    | <p>court; if it makes a general assignment for the benefit of its creditors; if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless <i>supersedeas</i> bond is filed); if execution is levied against your business or property; if a suit to foreclose any lien or mortgage against your Restaurant or equipment is instituted against you and not dismissed within 30 days; misuse or make an unauthorized use of any of the Proprietary Marks or commit any other act which can reasonably be expected to impair the goodwill associated with any of the Proprietary Marks; fail on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit required reports or fail to pay any Royalty Fee, Marketing Fund Fees, Technology Access Fees or other amounts due for purchases; violate any health or safety law, ordinance or regulation, or operate the Franchised Business in a manner that presents a health or safety hazard; engage in any activity exclusively reserved to us; fail to comply with any applicable law or regulation within ten (10) days after being given notice of noncompliance; repeatedly breach your Franchise Agreement and/or repeatedly fail to comply with mandatory operating procedures prescribed in the Confidential Manuals; default under any franchise agreement or any other agreement between us (or any Affiliate); or breach the lease agreement and/or lose the right to possession and occupancy of the restaurant; and/or lose the right to transact business in the jurisdiction where the Restaurant is located.</p> |
|           | Development Agreement;<br>Section 5.1                              | <p>You will be in default under this Agreement, and all rights granted herein will automatically terminate without notice</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

| Provision                                           | Franchise Agreement:<br>Section in Franchise or Other<br>Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                     |                                                                    | to you, if (i) you become insolvent or make a general assignment for the benefit of creditors; (ii) a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; (iii) you are adjudicated a bankrupt or insolvent; or if a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you; (iv) a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; (v) proceedings for a composition with creditors under any state or federal law should be instituted by or against you; (vi) a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless an appeal or a supersedeas bond is filed); (vii) you are dissolved; (viii) execution is levied against your business or property; (ix) suit to foreclose any lien or mortgage against the SLICE HOUSE BY TONY GEMIGNANI® Restaurant location or equipment is instituted against you and not dismissed within thirty (30) days; or (x) the real or personal property of your SLICE HOUSE BY TONY GEMIGNANI® Restaurant must be sold after levy thereupon by any sheriff, marshal, or constable. |
| Franchisee's obligations on termination/non-renewal | Franchise Agreement: Section 17.1                                  | If the Franchise Agreement is terminated or not renewed, you must: stop operating the franchised SLICE HOUSE BY TONY GEMIGNANI® Restaurant; stop using any trade secrets, confidential information, the System and the Marks; if requested, assign your interest in the franchise location to us; cancel or assign to us any assumed names; pay all sums owed to us including damages and costs incurred in enforcing the Franchise Agreement; return the Confidential                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

| Provision                            | Franchise Agreement:<br>Section in Franchise or Other<br>Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------------------------------------|--------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                      |                                                                    | Manual, trade secrets and all other confidential information; assign your telephone and facsimile numbers to us; comply with the covenants not to compete and any other surviving provisions of the Franchise Agreement. You must also pay to us liquidated damages. The amount of liquidated damages will be equal to the Royalty Fees and Marketing Fund Contribution that we would have received for three (3) years based on your annual Gross Sales during the best performing 12 consecutive months over the term of your Franchise Agreement. If your Franchised Restaurant has not been open for one (1) year immediately preceding termination, the liquidated damages will be calculated by taking the number that is the monthly average of Royalty Fees and Marketing Fund Contribution payable to us from the date your Franchised Restaurant was opened through the date of termination and multiplying it by thirty-six (36). If the time remaining in the Franchise Agreement is less than thirty-six (36) months, the monthly average as calculated above will be multiplied by the number of months remaining in the Term of the Franchise Agreement. |
|                                      | Development Agreement; Not Applicable                              | Not Applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Assignment of contract by franchisor | Franchise Agreement: Section 18.1                                  | There are no restrictions on our right to assign our interest in the Franchise Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|                                      | Development Agreement; Section 6.1                                 | There are no restrictions on our right to assign our interest in the Development Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

| Provision                                      | Franchise Agreement:<br>Section in Franchise or Other<br>Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "Transfer" by franchisee-defined               | Franchise Agreement: Section 18.2                                  | "Transfer" includes transfer of an interest in the franchise, the Franchise Agreement, the approved location, or the franchised Restaurant's assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|                                                | Development Agreement;<br>Section 6.2                              | "Transfer" includes transfer of an interest in the franchise(s), the Development Agreement, the approved location(s), or the franchised Restaurant's assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Franchisor approval of transfer by franchisee  | Franchise Agreement: Section 18.2                                  | You may not transfer your interest in any of the items listed in (k) above without our prior written consent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|                                                | Development Agreement;<br>Section 6.3                              | You may not transfer your interest in any of the items listed in (k) above without our prior written consent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Conditions for franchisor approval of transfer | Franchise Agreement: Section 18.2                                  | We will consent to a transfer if: we have not exercised our right of first refusal; all obligations owed to us are paid; you and the transferee have signed a general release; the prospective transferee meets our business and financial standards; the transferee and all persons owning any interest in the transferee sign a new Franchise Agreement; you provide us with a copy of all contracts and agreements related to the transfer; you or the transferee pay a transfer fee; the transferee or the owners of transferee have agreed to be personally bound by all provisions of the Franchise Agreement; you have agreed to guarantee performance by the transferee; the transferee has obtained all necessary consents and approvals of third parties; you or all of your equity owners have signed a non-competition agreement; the transferee attends training. |
|                                                | Development Agreement;<br>Section 6.3                              | No waiver of claims against the transferring party or waiver of demand of exact compliance from the transferor.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

| <b>Provision</b>                                                   | <b>Franchise Agreement:<br/>Section in Franchise or Other<br/>Agreement</b> | <b>Summary</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Franchisor right of first refusal to acquire franchisee's business | Franchise Agreement: Section 19                                             | We may match an offer for your franchised SLICE HOUSE BY TONY GEMIGNANI® Restaurant or an ownership interest you propose to sell.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|                                                                    | Development Agreement; Not Applicable                                       | Not Applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Franchisor's option to purchase franchisee's business              | Franchise Agreement: Section 17.4 and 19.2                                  | Except as described in (n) above, we do not have the right to purchase your franchised SLICE HOUSE BY TONY GEMIGNANI® Restaurant; however, during 90 days period prior to and the 30-day period after the termination or expiration of the Franchise Agreement, we have the right to purchase any assets of the franchised SLICE HOUSE BY TONY GEMIGNANI® Restaurant at a gross purchase price equal to the sum of the average market value as determined by 3 qualified independent appraisers, 1 selected by us, 1 selected by you and 1 selected by the other 2, plus the lesser of your or your affiliates depreciated cost or fair market value of all of the personal property as determined by the independent appraisers. |
|                                                                    | Development Agreement: Not Applicable.                                      | Not. Applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

| <b>Provision</b>                                           | <b>Franchise Agreement:<br/>Section in Franchise or Other<br/>Agreement</b> | <b>Summary</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Death or disability of franchisee                          | Franchise Agreement: Section 18.6                                           | Following the death or incapacity of an owner of the franchised SLICE HOUSE BY TONY GEMIGNANI® Restaurant or the death or incapacity of any holder of a controlling interest in the franchised SLICE HOUSE BY TONY GEMIGNANI® Restaurant, your or his or her representative must transfer, subject to the terms of the Franchise Agreement, the individual's interest in the franchised SLICE HOUSE BY TONY GEMIGNANI® Restaurant within 180 days of death or incapacity or we may terminate the Franchise Agreement. |
|                                                            | Development Agreement: Not Applicable                                       | Not Applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Non-competition covenants during the term of the franchise | Franchise Agreement: Section 7.3                                            | You, your owners (and members of their families and households) and your officers, directors, executives and managers are prohibited from: attempting to divert any business or customer of the franchised SLICE HOUSE BY TONY GEMIGNANI® Restaurant to a competitive business or causing injury or prejudice to the Marks or the System; owning or working for a competitive business.                                                                                                                               |
|                                                            | Development Agreement: Not Applicable                                       | Not Applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

| <b>Provision</b>                                                       | <b>Franchise Agreement:<br/>Section in Franchise or Other<br/>Agreement</b> | <b>Summary</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------------------------------------------------|-----------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Non-competition covenants after the franchise is terminated or expires | Franchise Agreement: Section 17.2                                           | For 2 years after the termination or expiration of the Franchise Agreement, you, your owners (and members of their families and households) and your officers, directors, executives and managers are prohibited from: owning or working for a Competitive Business operating within 25 miles of the Restaurant or within 25 miles of your Protected Area or other SLICE HOUSE BY TONY GEMIGNANI® Restaurants; or soliciting or influencing any of our customers, employees or business associates to compete with us or terminate their relationship with us. |
|                                                                        | Development Agreement; Not Applicable                                       | Not Applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Modification of the agreement                                          | Franchise Agreement: Sections 9.2, 22.7 and 22.8                            | The Franchise Agreement can be modified only by written agreement between you and us. Confidential Manual and System are subject to change.                                                                                                                                                                                                                                                                                                                                                                                                                    |
|                                                                        | Development Agreement; Not Applicable                                       | Not Applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

| Provision                                      | Franchise Agreement:<br>Section in Franchise or Other<br>Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------------------------------------|--------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Integration/merger clause                      | Franchise Agreement: Section 22.7                                  | <p>Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises may not be enforceable, but our representations in this disclosure document cannot be disclaimed.</p> <p>No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.</p> |
|                                                | Development Agreement; Not Applicable.                             | Not Applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Dispute resolution by arbitration or mediation | Franchise Agreement: Section 23.7                                  | Except for claims relating to the Marks, trade secrets, confidential information and covenants not to compete, and subject to state law, all disputes must be arbitrated in Henderson, Nevada.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|                                                | Development Agreement; Section 12.4                                | Except for claims relating to the Marks, trade secrets, confidential information and covenants not to compete, and subject to state law, all disputes must be arbitrated in Henderson, Nevada.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Choice of forum                                | Franchise Agreement: Section 23.2                                  | Subject to state law, any litigation must be pursued in courts located in Henderson, Nevada.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|                                                | Development Agreement; Section 12.6                                | Subject to state law, any litigation must be pursued in courts located in Henderson, Nevada.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

| Provision     | Franchise Agreement:<br>Section in Franchise or Other<br>Agreement | Summary                                                                                                                                                                                                                                                                           |
|---------------|--------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Choice of law | Franchise Agreement: Section 23.1                                  | Subject to state law, Nevada law applies, except that disputes over the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sec. 1051 et seq.) and disputes over copyrights will be governed by federal copyright laws of the United States. |
|               | Development Agreement;<br>Section 12.5                             | Subject to state law, Nevada law applies, except that disputes over the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sec. 1051 et seq.) and disputes over copyrights will be governed by federal copyright laws of the United States. |

## ITEM 18 PUBLIC FIGURES

We currently do not use any public figures to promote our franchise.

## ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; and (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.

### BACKGROUND

This Item 19 discloses the historical financial information for four total outlets. First, this Item 19 discloses the historical financial information for our Affiliate-Owned Restaurant over the period of operation from (a) January 1, 2020, through December 31, 2020 (the "2020 Measurement Period"); (b) January 1, 2021, through December 31, 2021 (the "2021 Measurement Period"); ~~and~~ (c) January 1, 2022, through December 31, 2022 (the "2022 Measurement Period"); and (d) January 1, 2023, through December 31, 2023 (the "2023 Measurement Period"); and together with the 2020 Measurement Period ~~and~~, the 2021 Measurement Period and the 2022 Measurement Period, a "Measurement Period" and collectively the "Measurement Periods"). The Affiliate-Owned Restaurant was open during the entirety of the Measurement Periods. This Item 19 also discloses the historical financial information for three of our Licensed Restaurant operated in the State of California (the "Disclosed Licensed Restaurants"), which were open during the entirety of one or more of the Measurement Periods, as indicated in the tables below.

Both the Affiliate-Owned Restaurant and Disclosed Licensed Restaurants are substantially similar to the Franchised Restaurant being offered under this disclosure document in terms of square footage, equipment, computer software, product offerings, and use of third-party delivery options. The Affiliate-Owned Restaurant and Disclosed Licensed Restaurants differ from the Franchised Restaurants because each is not subject to territorial restrictions and does not pay the same fees to us (including royalty fees and advertising fees). The Affiliate-Owned Restaurant transitioned to carry-out only in March of 2020. One of the Disclosed Licensed Restaurant operated as carryout only for six months during the 2020 Measurement Period and has very minimal indoor seating; the other two Disclosed Licensed Restaurants were not open during the 2020 Measurement Period.

As of January 1, 2023, all of the Disclosed Licensed Restaurants have converted to Franchised Restaurants. However, during the Measurement Periods, the Disclosed Licensed Restaurants operated as Licensed Restaurants.

Of those Restaurants open and operating as of December 31, ~~2022~~2023, we have excluded the results of the ~~3031~~ Non-Traditional Restaurants because these Non-Traditional Restaurants are different from Franchised Restaurants in terms of square footage, prices, product offerings, fees paid, type of venue and territorial protection.

Part I of this Item presents the Gross Sales information for the Measurement Periods for the Affiliate-Owned Restaurant and Disclosed Licensed Restaurants. We received this information from the Affiliate-Owned Restaurant and Disclosed Licensed Restaurants and we have not audited this information or independently verified this information. Part II of this Item presents net profit for the Measurement

Periods shown as a percentage of Gross Sales for the Affiliate-Owned Restaurant. We received this information from the Affiliate-Owned Restaurant. The Disclosed Licensed Restaurants did not provide data for Part II, and as such, Part II only discloses data for the Affiliate-Owned Restaurant.

The financial information in this item has been prepared by the Company's management and has not been compiled, reviewed or audited by the Company's auditors. Accordingly, the auditors do not express an opinion or any other form of assurance with respect thereto and assume no responsibility for the financial information included in this Item 19.

## **PART I: GROSS SALES INFORMATION**

|                                                                  | <b>2020<br/>Measurement<br/>Period</b> | <b>2021<br/>Measurement<br/>Period</b> | <b>2022<br/>Measurement<br/>Period</b> | <b><u>2023<br/>Measurement<br/>Period</u></b> |
|------------------------------------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|-----------------------------------------------|
| <b>Affiliate-Owned Restaurant Gross Sales<sup>1</sup></b>        | \$2,121,469                            | \$2,583,886                            | \$3,078,648                            | <u>\$3,472,729</u>                            |
| <b>Disclosed Licensed Restaurant Gross Sales – Belmont</b>       | Not Open Full 2020 Measurement Period  | Not Open Full 2021 Measurement Period  | \$2,165,539                            | <u>\$2,546,069</u>                            |
| <b>Disclosed Licensed Restaurant Gross Sales – San Leandro</b>   | Not Open Full 2020 Measurement Period  | Not Open Full 2021 Measurement Period  | \$1,692,950                            | <u>\$2,023,240</u>                            |
| <b>Disclosed Licensed Restaurant Gross Sales – Haight Street</b> | \$1,627,318                            | \$1,920,830                            | \$2,281,054                            | <u>\$2,564,629</u>                            |

### **Notes to Part I:**

1. “Gross Sales” means the aggregate of all revenue from the sale of Approved Products and any other products from all sources in connection with the applicable Restaurant, without limitation, from the sales of merchandise, gift cards, products and tangible personal property of every kind sold by a party, in, from or through the applicable Restaurant, whether for check, cash, credit or otherwise including, without limitation, all proceeds from any business interruption insurance, but excluding (a) any sales and equivalent taxes that are collected by you for or on behalf of any governmental taxing authority and actually paid thereto; (b) the amount of any discounts or allowances; ~~and~~ (c) any rebate received from a manufacturer or supplier; and (d) bona fide tips paid by customers to employees (whether directly or through tip pools).

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## PART II: EXPENSES AND NET PROFIT AS PERCENTAGE OF GROSS SALES

| Affiliate-Owned Restaurant     |                                        |                                               |              |               |
|--------------------------------|----------------------------------------|-----------------------------------------------|--------------|---------------|
|                                | Net Profit <sup>1</sup> % <sup>2</sup> | Adjusted Restaurant Net Profit % <sup>3</sup> | Food Costs % | Labor Costs % |
| 2020 Measurement Period        | 16.5%                                  | 11.5%                                         | 22.8%        | 21.0%         |
| 2021 Measurement Period        | 18.7%                                  | 13.7%                                         | 22.2%        | 21.3%         |
| 2022 Measurement Period        | 20.2%                                  | 15.2%                                         | 22.7%        | 20.3%         |
| <u>2023 Measurement Period</u> | <u>20.6%</u>                           | <u>15.6%</u>                                  | <u>21.7%</u> | <u>20.2%</u>  |

### Notes to Part II:

1. “Net Profit” means Gross Sales less food costs, labor costs, and all ordinary and recurring operating expenses, interest, taxes, depreciation and amortization. We determined the percentage by dividing the Net Profit for each Measurement Period by Gross Sales over the same Measurement Period.
2. We did not deduct from the Net Profit of the Affiliate-Owned Restaurant the labor costs associated with the salaries and benefits of the four founders (Gemignani, Hewitt, Ginsburg and Karpaty), the vice president and vice president of marketing employed at the corporate headquarters because these employees oversee the operations of many additional restaurants owned by various affiliates and a Franchised Business will not incur those additional costs (“Excluded Labor Costs”). This does include the salary of a controller and human resources employee, which are two functions that need to be filled at a Franchised Business.
3. The figures in the adjusted column reflect the subtraction of 5% of Gross Sales for the Royalty Fee that franchisees will be required to pay. It does not subtract any amounts to account for contributions to the Brand Marketing Fund because that expense is already accounted for, and spent, by the Affiliate-Owned Restaurant during each applicable Measurement Period.
4. “Food Costs” means (Beginning Inventory + Purchases - Ending Inventory) divided by Gross Sales over the applicable Measurement Period.
5. “Labor Costs” means the sum of all wages paid to employees, benefits, payroll taxes, unemployment taxes and any other taxes paid on behalf of the employee divided by Gross Sales over the

applicable Measurement Period divided by Gross Sales over the applicable Measurement Period. We did not include the Excluded Labor Costs for the Affiliate-Owned Restaurant in its Labor Costs.



### **Notes Regarding Item 19 Generally**

1. Written substantiation of the data used in preparing this information will be made available to the prospective franchisee upon reasonable request.

**2. Some outlets have sold and earned this amount. Your individual results may differ. There is no assurance that you will sell or earn as much.**

Except as disclosed above, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or Franchised Restaurants. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing Restaurant, however, we may provide you with the actual records of that Restaurant. 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: Trevor Hewitt, 2505 Anthem Village Drive, Suite E21, Henderson, Nevada 89052; Phone: 702-509-4222; Email: [trevor@slicehouse.com](mailto:trevor@slicehouse.com), the Federal Trade Commission, and the appropriate state regulatory agencies.

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**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**Table 1**  
**SYSTEMWIDE OUTLET SUMMARY**  
**FOR YEARS ~~2020~~2021 TO ~~2022~~2023**

| Outlet Type                           | Year                 | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change      |
|---------------------------------------|----------------------|----------------------------------|--------------------------------|-----------------|
| <del>Franchised</del> <sup>1</sup>    | <del>2020</del>      | <del>2</del>                     | <del>2</del>                   | <del>0</del>    |
| <u>Franchised</u> <sup>1</sup>        | 2021                 | 2                                | 3                              | +1              |
|                                       | 2022                 | 3                                | 3                              | 0               |
| <del>Company-Owned</del> <sup>2</sup> | <del>2020</del> 2023 | <del>+3</del>                    | <del>+4</del>                  | <del>0</del> +1 |
| <u>Company-Owned</u> <sup>2</sup>     | 2021                 | 1                                | 1                              | 0               |
|                                       | 2022                 | 1                                | 1                              | 0               |
| <b>Total Outlets</b>                  | <del>2020</del> 2023 | <del>3</del> 1                   | <del>3</del> 1                 | 0               |
| <u>Total Outlets</u>                  | 2021                 | 3                                | 4                              | +1              |
|                                       | 2022                 | 4                                | 4                              | 0               |
|                                       | 2023                 | 4                                | 5                              | +1              |

<sup>1</sup> Please note that we have excluded from these tables the ~~30~~31 Non-Traditional Restaurants operating in two states (California and Nevada). However, we have included in these tables the three open and operating Licensed Restaurants operating in California, which converted to Franchised Restaurants as of January 1, 2023.

<sup>2</sup> Company-Owned outlets are owned and operated by an affiliate.

**Table 2**  
**TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS**  
**(OTHER THAN FRANCHISOR)**  
**FOR YEARS ~~2020~~2021 TO ~~2022~~2023**

| State         | Year                 | Number of Transfers |
|---------------|----------------------|---------------------|
| <b>Totals</b> | <del>2020</del> 2021 | 0                   |
|               | <del>2021</del> 2022 | 0                   |
|               | <del>2022</del> 2023 | 0                   |

**Table 3**  
**STATUS OF FRANCHISED OUTLETS**  
**FOR YEARS ~~2020~~2021 TO ~~2022~~2023**

| State                     | Year                          | Outlets at Start of Year  | Outlets Opened            | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations-Other Reasons | Outlets at End of the Year |
|---------------------------|-------------------------------|---------------------------|---------------------------|--------------|--------------|--------------------------|---------------------------------|----------------------------|
| <del>California</del>     | <del>2020</del>               | <del>2</del>              | <del>0</del>              | <del>0</del> | <del>0</del> | <del>0</del>             | <del>0</del>                    | <del>2</del>               |
| <u>California</u>         | 2021                          | 2                         | 2                         | 1            | 0            | 0                        | 0                               | 3                          |
|                           | 2022                          | 3                         | 0                         | 0            | 0            | 0                        | 0                               | 3                          |
| <del>Nevada</del>         | <del>2020</del> <del>20</del> | <del>0</del> <del>3</del> | <del>0</del> <del>1</del> | 0            | 0            | 0                        | 0                               | <del>0</del> <del>4</del>  |
|                           | <del>2021</del>               | 0                         | 0                         | 0            | 0            | 0                        | 0                               | 0                          |
| <u>Nevada</u>             | 2022                          | 0                         | 0                         | 0            | 0            | 0                        | 0                               | 0                          |
| <b>Totals<sup>1</sup></b> | <del>2020</del> <del>20</del> | <del>2</del> <del>0</del> | 0                         | 0            | 0            | 0                        | 0                               | <del>2</del> <del>0</del>  |
|                           | <del>2021</del>               | 2                         | 2                         | 1            | 0            | 0                        | 0                               | 3                          |
| <b>Totals<sup>1</sup></b> | 2022                          | 3                         | 0                         | 0            | 0            | 0                        | 0                               | 3                          |
|                           | 2023                          | 3                         | 1                         | 0            | 0            | 0                        | 0                               | 4                          |

<sup>1</sup> Please note that we have excluded from these tables the ~~30~~31 Non-Traditional Restaurants operating in two states (California and Nevada). However, we have included in these tables the three open and operating Licensed Restaurants operating in California, which converted to Franchised Restaurants as of January 1, 2023.

**Table 4**  
**STATUS OF COMPANY AND AFFILIATE-OWNED OUTLETS**  
**FOR YEARS ~~2020~~2021 TO ~~2022~~2023**

| State         | Year                          | Outlets at Start of Year | Outlets Opened | Outlets Reacquired From Franchisee | Outlets Closed | Outlets Sold to Franchisee | Outlets at End of the Year |
|---------------|-------------------------------|--------------------------|----------------|------------------------------------|----------------|----------------------------|----------------------------|
| California    | <del>2020</del> <del>20</del> | 1                        | 0              | 0                                  | 0              | 0                          | 1                          |
|               | <del>2021</del> <del>20</del> | 1                        | 0              | 0                                  | 0              | 0                          | 1                          |
|               | <del>2022</del> <del>20</del> | 1                        | 0              | 0                                  | 0              | 0                          | 1                          |
| <b>Totals</b> | <del>2020</del> <del>20</del> | 1                        | 0              | 0                                  | 0              | 0                          | 1                          |
|               | <del>2021</del> <del>20</del> | 1                        | 0              | 0                                  | 0              | 0                          | 1                          |
|               | <del>2022</del> <del>20</del> | 1                        | 0              | 0                                  | 0              | 0                          | 1                          |

**Table 5**  
**PROJECTED NEW FRANCHISED OUTLETS**  
**AS OF DECEMBER 31, ~~2022~~2023**

| State                      | Franchise Agreement Signed But Outlet Not <del>Opened</del> Opened <sup>1</sup> | Projected New Franchised Outlets in the Next Fiscal Year ( <del>2023</del> 2024) | Projected New Company-Owned Outlets in the Next Fiscal Year ( <del>2023</del> 2024) |
|----------------------------|---------------------------------------------------------------------------------|----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| California                 | <del>44</del> 60                                                                | <del>2</del> 10                                                                  | 0                                                                                   |
| <del>Nevada</del> Colorado | <del>0</del> 7                                                                  | 0                                                                                | <del>1</del> 0                                                                      |
| <del>Totals</del> Nevada   | <del>44</del> 1                                                                 | <del>2</del> 0                                                                   | <del>1</del> 0                                                                      |
| Texas                      | 20                                                                              | 2                                                                                | 0                                                                                   |
| Utah                       | 7                                                                               | 1                                                                                | 0                                                                                   |
| <u>Totals</u>              | <u>95</u>                                                                       | <u>13</u>                                                                        | <u>0</u>                                                                            |

<sup>1</sup> The figures for Franchise Agreement Signed But Outlet Not Opened includes restaurants to be developed under Development Agreements.

Exhibit ~~FG~~ to this disclosure document lists the names of all current franchisees with their addresses and telephone numbers as of the end of our most recent fiscal year.

Exhibit ~~GH~~ to this disclosure document lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number or email) of each franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year, or who have not communicated with us within 10 weeks of the issuance date of this disclosure document.

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

As of the date of this disclosure document, we have no current or former franchisees who have signed provisions restricting their ability to speak openly to you about their experience with the Restaurants franchise system.

As of the date of this disclosure document, there are no trademark-specific franchisee organizations associated with the SLICE HOUSE BY TONY GEMIGNANI® franchise system.

## ITEM 21 FINANCIAL STATEMENTS

Attached as Exhibit ~~EF~~ to this disclosure document is our audited financial statements as of, ~~and for the year ending, years ended~~ December 31, 2023 and 2022, and our audited balance sheet as of December 31, 2021, ~~and our unaudited financial statement from January 1 to September 30, 2023. We started franchising in February 2022 and do not have three years of audited financial statements.~~ Our fiscal year ends on December 31st of each year.

## ITEM 22 CONTRACTS

Attached to this disclosure document are the following contracts and their attachment:

- Exhibit “B”      Franchise Agreement (with the following attachments)
- Exhibit 1    Accepted Location and Protected Area
  - Exhibit 2    Site Selection Territory
  - Exhibit 3    Principal Owners’ Statement
  - Exhibit 4    Principal Owners’ Guaranty
  - Exhibit 5    Franchise Compliance Certification
  - Exhibit 6            Conditional Assignment of Telephone Numbers and Listings and Internet Addresses
  - Exhibit 7            Conditional Assignment and Assumption of Lease
  - Exhibit 8            Electronic Funds Transfer Form
  - Exhibit 9            Conversion Addendum - Standard
- Exhibit “C”      Development Agreement
- Exhibit “D”      Preferred Real Estate Brokerage Opt-In Agreement
- Exhibit “~~H~~I”      Form of General Release
- Exhibit “~~I~~J”      Nondisclosure and Noncompetition Agreement
- Exhibit “~~J~~K”      State Specific Addenda and Riders

## ITEM 23 RECEIPTS

You will find 2 copies of a detachable Receipt in Exhibit ~~L~~M at the end of this disclosure document. One receipt must be signed, dated and delivered to us. The other receipt should be retained for your records.

## EXHIBIT A TO THE DISCLOSURE DOCUMENT

### Slice House Franchising, LLC

#### LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

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

| STATE             | AGENCY                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | PROCESS, IF DIFFERENT                                                                                                                                                                              |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>California</b> | Department of Financial Protection and Innovation<br>www.dfpi.ca.gov<br>Ask.DFPI@dfpi.ca.gov<br><br><i>Los Angeles</i><br>300 S. Spring Street, Suite 15513<br>Los Angeles, CA 90013-1259<br>(213) 897-2085<br>(866) 275-2677<br><br><i>Sacramento</i><br>2101 Arena Boulevard<br>Sacramento, CA 95834<br>(916) 445-7205<br>(866) 275-2677<br><br><i>San Diego</i><br>1455 Frazee Road, Suite 315<br>San Diego, CA 92108<br>(619) 610-2093<br>(866) 275-2677<br><br><i>San Francisco</i><br>One Sansome Street, Suite 600<br>San Francisco, CA 94104-4428<br>(415) 972-8565<br>(866) 275-2677 |                                                                                                                                                                                                    |
| <b>Hawaii</b>     | Department of Commerce and Consumer Affairs<br>Business Registration Division<br>P.O. Box 40<br>Honolulu, HI 96810<br>(808) 586-2727                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Commissioner of Securities<br>Department of Commerce and Consumer Affairs<br>Business Registration Division<br>Securities Compliance Branch<br>335 Merchant Street, Room 203<br>Honolulu, HI 96813 |

| STATE               | AGENCY                                                                                                                                                                                                                       | PROCESS, IF DIFFERENT                                                                                                                                    |
|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Illinois</b>     | Franchise Division<br>Office of Attorney General<br>500 South Second Street<br>Springfield, IL 62706<br>(217) 782-4465                                                                                                       |                                                                                                                                                          |
| <b>Indiana</b>      | Franchise Section<br>Indiana Securities Division<br>Secretary of State<br>Room E-111<br>302 W. Washington Street<br>Indianapolis, IN 46204<br>(317) 232-6681                                                                 |                                                                                                                                                          |
| <b>Maryland</b>     | Office of Attorney General<br>Securities Division<br>200 St. Paul Place<br>Baltimore, MD 21202-2021<br>(410) 576-6360                                                                                                        | Maryland Securities<br>Commissioner<br>Office of the Attorney General<br>Securities Division<br>200 St. Paul Place<br>Baltimore, MD 21202-2021           |
| <b>Michigan</b>     | Consumer Protection Division<br>Antitrust and Franchise Unit<br>Michigan Department of<br>Attorney General<br>G. Mennen Williams Bldg.<br>525 W. Ottawa Street, 6 <sup>th</sup> Floor<br>Lansing, MI 48909<br>(517) 373-7117 |                                                                                                                                                          |
| <b>Minnesota</b>    | Commissioner of Commerce<br>Minnesota Department of Commerce<br>85 7 <sup>th</sup> Place East, Suite 500<br>St. Paul, MN 55101-2198<br>(651) 296-6328                                                                        | Commissioner of Commerce<br>Minnesota Department of<br>Commerce<br>85 7 <sup>th</sup> Place East, Suite 500<br>St. Paul, MN 55101-2198<br>(651) 296-6328 |
| <b>New York</b>     | Office of the New York State Attorney<br>General<br>Investor Protection Bureau Franchise<br>Section<br>120 Broadway, 23rd Floor<br>New York, NY 10271-0332<br>(212) 416-8236                                                 | Uniform Commercial Code<br>New York Department of State<br>One Commerce Plaza<br>99 Washington Avenue, 6th Floor<br>Albany, NY 12231<br>(518) 473-2492   |
| <b>North Dakota</b> | Office of Securities Commissioner<br>Franchise Examiner<br>Fifth Floor<br>600 East Boulevard<br>Bismarck, ND 58505-0510<br>(701) 328-4712                                                                                    |                                                                                                                                                          |

| STATE               | AGENCY                                                                                                                                                 | PROCESS, IF DIFFERENT                                                                |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| <b>Oregon</b>       | Department of Insurance and Finance<br>Corporate Securities<br>Franchise Section<br>Labor and Industries Building<br>Salem, OR 97310<br>(503) 378-4140 |                                                                                      |
| <b>Rhode Island</b> | Division of Securities<br>1511 Pontiac Avenue<br>John O. Pastore Complex,<br>Building 69-1<br>Cranston, RI 02920<br>(401) 462-9500                     |                                                                                      |
| <b>South Dakota</b> | Division of Securities<br>124 S. Euclid, Suite 104<br>Pierre, SD 57501<br>(605) 773-4823                                                               |                                                                                      |
| <b>Virginia</b>     | State Corporation Commission<br>1300 East Main Street, 9th Floor<br>Richmond, VA 23219<br>(804) 371-9051                                               | Clerk<br>State Corporation Commission<br>1300 East Main Street<br>Richmond, VA 23219 |
| <b>Washington</b>   | Department of Financial Institutions<br>Securities Division<br>150 Israel Road, SW<br>Tumwater, WA 98501<br>(360) 902-8760                             |                                                                                      |
| <b>Wisconsin</b>    | Division of Securities<br>Department of Financial Institutions<br>Post Office Box 1768<br>Madison, WI 53701<br>(608) 266-2801                          |                                                                                      |

**EXHIBIT B TO THE DISCLOSURE DOCUMENT**

**Slice House Franchising, LLC**

**FRANCHISE AGREEMENT**



---

BY TONY GEMIGNANI

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**SLICE HOUSE BY TONY GEMIGNANI<sup>TM®</sup>**  
**FRANCHISE AGREEMENT**

---

---

AGREEMENT DATE

---

NAME OF FRANCHISEE

---

RESTAURANT NUMBER

---

ADDRESS OF RESTAURANT (TO  
BE COMPLETED ONCE SITE  
ACQUIRED):

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**THIS AGREEMENT REQUIRES CERTAIN DISPUTES  
TO BE SUBMITTED TO BINDING ARBITRATION**

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### **EXHIBITS**

1. Accepted Location and Protected Area
2. Site Selection Territory
3. Principal Owners' Statement
4. Principal Owners' Guaranty
5. Franchise Compliance Certification
6. Conditional Assignment of Telephone Numbers and Listings and Internet Addresses
7. Conditional Assignment and Assumption of Lease
8. Electronic Funds Transfer Authorization Form
9. Standard Conversion Addendum

## SLICE HOUSE BY TONY GEMIGNANI RESTAURANT

### FRANCHISE AGREEMENT

This Franchise Agreement (this “**Agreement**”) made effective as of \_\_\_\_\_, is by and between **Slice House Franchising, LLC**, a Nevada limited liability company, having its principal place of business at 2505 Anthem Village Dr., Suite E21, Henderson, Nevada 89052 (“**Franchisor**”), and \_\_\_\_\_, an \_\_\_\_\_ established in the State of \_\_\_\_\_ and whose principal address is \_\_\_\_\_ (“**Franchisee**”).

### WITNESSETH:

WHEREAS, Franchisor and its Affiliates have developed, and may further develop, a System identified by the trade name and Proprietary Marks, including, without limitation, “**SLICE HOUSE BY TONY GEMIGNANI**” and associated trademarks, service marks, logos, and commercial symbols, relating to the establishment and operation of a business retailing a menu of fresh, unique, high quality gourmet pizza in several different styles sold by the slice and full pies including, without limitation, Classic, American, Italian, Sicilian, Detroit and Neapolitan pizzas made with artisan flour, authentic sauces and seasonal ingredients; antipasti, meatballs, meatball subs, garlic bread, wings, pastas, salads, and other deli favorites together with cold beverages, including, without limitation, bottled beer, wine and local draft beer along with other beverages, which offering may also include prepackaged food items (including ingredients or prepared food); clothing and other wearing apparel; napkins, cups, glasses, dishware or other similar items and supplies (the “**Approved Products**”) that advertise or promote Franchisor or its Affiliates (a “**SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup><sub>®</sub> Restaurant**” or “**Restaurant**”) using Franchisor’s System and Marks;

WHEREAS, in addition to the trade name and service mark “**SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup><sub>®</sub>**” and certain other Proprietary Marks, the distinguishing characteristics of the System include: (a) uniform standards and procedures for efficient business operations; (b) procedures and strategies for marketing, advertising and promotion; (c) customer service and development techniques; (d) distinctive interior and exterior design, layout and décor; (e) other strategies, techniques and Trade Secrets and other Confidential Information; and (f) the Confidential Manuals;

WHEREAS, Franchisor grants to qualified persons and business entities the right to own and operate a **SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup><sub>®</sub> Restaurant** using the System and the Proprietary Marks;

WHEREAS, Franchisee desires to operate a **SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup><sub>®</sub> Restaurant**, has applied for the Franchise and such application has been approved by Franchisor in reliance upon all of the representations made herein and therein; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor’s high and uniform standards of quality, operations and service and the necessity of operating the Franchised Business in strict conformity with Franchisor’s System.

NOW, THEREFORE, Franchisor and Franchisee, intending to be legally bound, hereby agree as follows:

## SECTION 1. DEFINITIONS

Whenever used in this Agreement, the following words and terms have the following meanings:

**“Accepted Location”** means the site for the operation of the Franchised Business agreed upon by Franchisor and Franchisee. The Accepted Location is described in Exhibit 1;

**“Affiliate”** means any business entity that controls, is controlled by, or is under common control with Franchisor;

**“Agreement”** means this agreement entitled “SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup><sub>®</sub> Restaurant Franchise Agreement” and all instruments supplemental hereto or in amendment or confirmation hereof;

**“Anti-Terrorism Laws”** has the meaning given to such term in Section 24;

**“Approved Supplier(s)”** means suppliers, including Franchisor or its Affiliates, that are designated or approved by Franchisor as the supplier from whom Franchisee must purchase an item or service for its SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup><sub>®</sub> Restaurant;

**“Business Assets”** has the meaning given to such term in Section 17;

**“Business Entity”** has the meaning given to such term in Section 20;

**“Certificate of Occupancy”** has the meaning given to such term in Section 5;

**“Controlled Entity”** has the meaning given to such term in Section 18;

**“Controlling Interest”** means (a) the ownership of ten percent (10%) or more of the voting interests of an entity, and/or (b) the direct or indirect power to direct the management and policies of an entity, including those relating to payment of financial obligations, whether through the ownership of voting securities or interests, by contract or otherwise, each as reasonably determined by Franchisor;

**“Competitive Business”** means any business that operates, manages, offers or provides (or grants franchises or licenses to others the right to operate a business that operates, manages, offers or provides), directly or indirectly, pizza, or in which Trade Secrets or other Confidential Information could be used to the disadvantage of Franchisor, any Affiliate or its other franchisees; provided, however, that the term **“Competitive Business”** shall not apply to (a) any business operated by Franchisee under a Franchise Agreement with Franchisor, and (b) any business operated by a publicly-held entity in which Franchisee owns less than a five percent (5%) legal or beneficial interest.

**“Computer System”** has the meaning given to such term in Section 12;

**“Confidential Information”** means information relating to the development and operation of SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup><sub>®</sub> Restaurant that Franchisor possesses, which includes without limitation: (a) the System and the know-how related to it; (b) plans,

specifications, layout, size and physical characteristics of SLICE HOUSE BY TONY GEMIGNANI<sup>TM®</sup> Restaurants; (c) site selection criteria, land use and zoning techniques and criteria; (d) methods in obtaining licensing and meeting regulatory requirements; (e) sources and design of equipment, furniture, fixtures, furnishings, forms, materials and supplies; (f) marketing, advertising and promotional programs; (g) menus, recipes and ingredients for the products sold from the SLICE HOUSE BY TONY GEMIGNANI<sup>TM®</sup> Restaurant; (h) the selection and training of personnel; (i) any computer software; (j) methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation and franchising of SLICE HOUSE BY TONY GEMIGNANI<sup>TM®</sup> Restaurant; (k) knowledge of specifications for and suppliers of certain products, materials, supplies, furniture, furnishings and equipment; and (l) knowledge of operating results and financial performance of SLICE HOUSE BY TONY GEMIGNANI<sup>TM®</sup> Restaurants other than those operated by Franchisee (or its affiliates). Confidential Information shall not include, however, any information that: (a) is now or subsequently becomes generally available to the public through no fault of Franchisee; (b) Franchisee can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (c) is independently developed without the use of or reference to any Confidential Information; or (d) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information;

**“Confidential Manual(s)”** means Franchisor’s confidential and proprietary Confidential Manual(s), whether in paper or electronic form, and any other items or documentation as may be provided, added to, changed, modified or otherwise revised by Franchisor from time to time that contain or describe the standards, methods, procedures and specifications of the System, including other operations, administration and managers’/General Managers’ manuals and all books, Computer System, password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by, or on behalf of, Franchisor;

**“Cooperative Advertising”** has the meaning given to such term in Section 11;

**“General Manager”** is the person or people that shall be in charge of the on-premises supervision of the operations of the Restaurant. Franchisee shall notify Franchisor of the identity of the General Managers and provide to Franchisor a copy of the confidentiality agreement signed by such person, before such person attends the initial training program, which said person must complete to Franchisor’s satisfaction. Franchisee agrees that it and any General Manager will at all times faithfully, honestly and diligently perform their obligations hereunder and that they will not engage in any activities that conflict with the performance of their obligations hereunder. Franchisee further agrees to abide by any and all additional policies, procedures and/or guidelines related to the duties and responsibilities of the General Manager as contained within the Confidential Manuals;

**“e-commerce”** has the meaning given to such term in Section 11;

**“e-names”** has the meaning given to such term in Section 11;

**“Effective Date”** means the date on which Franchisor and Franchisee fully execute this Agreement, thereby commencing its effectiveness and term;

**“Electronic Depository Transfer Account”** means an account established at a national banking institution approved by Franchisor and providing Franchisor with access to electronically withdraw any funds due Franchisor;

**“External Third Party Transfer Fee”, “Internal Third Party Transfer Fee”** and **“Controlled Entity Transfer Fee”** have the meanings given to such terms in Section 18;

**“Franchise”** means the right granted to Franchisee by Franchisor to use the System and the Proprietary Marks;

**“Franchised Business”** means the SLICE HOUSE BY TONY GEMIGNANI<sup>TM®</sup> Restaurant to be established and operated by Franchisee pursuant to this Agreement;

**“Franchisee”** means the individual or entity defined as “Franchisee” in the introductory paragraph of this Agreement and its approved successors and assigns in accordance with the terms of this Agreement;

**“Franchisor”** means SLICE HOUSE FRANCHISING, LLC;

**“Franchisor Indemnitees”** has the meaning given to such term in Section 21;

**“GAAP”** means the standards, conventions and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements;

**“Grand Opening Advertising”** has the meaning given to such term in Section 11;

**“Gross Sales”** means the aggregate of all revenue from the sale of Approved Products and any other products from all sources in connection with the Franchised Business, without limitation, from the sales of merchandise, gift cards, products and tangible personal property of every kind sold by Franchisee, in, from or through the Franchised Business, whether for check, cash, credit or otherwise including, without limitation, all proceeds from any business interruption insurance, but excluding (a) any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and actually paid thereto, (b) the amount of any discounts or allowances that Franchisor has approved as a policy matter as set forth in its Confidential Manuals from time to time; ~~and~~ (c) any rebate received by Franchisee from a manufacturer or supplier; and (d) bona fide tips paid by customers to employees (whether directly or through tip pools);

**“Gross Sales Reports”** has the meaning given to such term in Section 12;

**“Improvements”** has the meaning given to such term in Section 7;

**“Incapacity”** means the inability of Franchisee, or any holder of a legal or beneficial interest in Franchisee, to operate or oversee the operation of the Franchised Business on a regular basis by reason of any continuing physical, mental or emotional condition, chemical dependency or other limitation;

**“Initial Franchise Fee”** has the meaning given to such term in Section 3;

**“Initial Training”** has the meaning given to such term in Section 8;

**“Internet”** means any one (1) or more local or global interactive communications media that is now available, or that may become available, including sites and domain names on the World Wide Web;

**“Local Advertising Expenditures”** has the meaning given to such term in Section 11;

**“Brand Marketing Fund”** has the meaning given to such term in Section 11;

**“Brand Marketing Fund Contribution”** has the meaning given to such term in Section 11;

**“Principal Owners’ Guaranty”** means Exhibit 4 to this Agreement;

**“Principal Owners’ Statement”** means Exhibit 3 to this Agreement;

**“Promotions”** has the meaning given to such term in Section 11;

**“Proprietary Marks”** means the service mark “SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup><sub>®</sub> RESTAURANT” and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as Franchisor may designate to be used in connection with SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup><sub>®</sub> Restaurants;

**“Protected Area”** has the meaning given to such term in Section 2.3. The Protected Area is described in Exhibit 1;

**“Real Estate”** has the meaning given to such term in Section 17;

**“Relocation Fee”** has the meaning given to such term in Section 5;

**“Royalty Fee”** has the meaning given to such term in Section 3;

**“Site Selection Territory”** has the meaning given to such term in Section 5. The Site Selection Territory is described in Exhibit 2;

**“Successor Franchise Fee”** has the meaning given to such term in Section 4;

**“System”** means the proprietary knowledge, as authorized or developed by us and as may be added to, changed, modified, withdrawn or otherwise revised by us for the operation of Restaurants, including, without limitation, (a) uniform standards, specifications, techniques, methods and procedures for efficient business operations; (b) procedures and strategies for marketing, advertising and promotion; (c) customer service and development techniques; (d) distinctive interior and exterior design, layout and décor; (e) other strategies, techniques and Trade Secrets and other Confidential Information; and (f) the Confidential Manuals (including forms and printed materials);

**“Trade Secrets”** means information in any form (including, but not limited to, technical or non-technical data, recipes, formulas, patterns, compilations, Computer System, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup><sub>®</sub> Restaurant that is not commonly known by or available to the

public and that information: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertained by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy;

“**Website**” has the meaning given to such term in Section 9.

## **SECTION 2.**

### **GRANT OF FRANCHISE; ACCEPTED LOCATION**

**2.1 Grant.** Subject to the terms of and upon the conditions contained in this Agreement, Franchisor hereby grants to Franchisee a franchise to: (a) operate a Franchised Business at the Accepted Location, and at no other location (temporary or permanent); (b) use the Proprietary Marks and the System solely in connection with operating the Franchised Business; (c) to advertise to the public that Franchisee is a SLICE HOUSE BY TONY GEMIGNANI<sup>TM®</sup> franchisee; and (d) to adopt and use the intellectual property of the System, but only in connection with the sale of Approved Products which have been designated by Franchisor.

**2.2 Sub-franchising/Agents.** Franchisee shall not sublicense the use of the System or Proprietary Marks to any person or entity. Except as may be permitted pursuant to Section 18, Franchisee shall not grant any person or entity the right to act as Franchisee’s agent to perform any part of Franchisee’s rights or obligations licensed hereunder.

**2.3 Protected Area.** For as long as Franchisee is not in default of this Agreement, Franchisor shall not itself, or grant a license or franchise to any third party to, operate another Restaurant using the Marks, within the geographic region listed as the Protected Area on Exhibit 1 to this Agreement (the “**Protected Area**”) until the expiration or termination of this Agreement. The limited Protected Area granted under this Agreement is the only territorial protection granted to Franchisee and does not in any way expressly or implicitly grant any other area, market, territorial, or development rights to Franchisee or restrict Franchisor or its Affiliates in any way in the manner in which Franchisor and its Affiliates may conduct or operate their respective businesses outside the Protected Area. Furthermore, Franchisor has the right to modify or remove the territorial rights granted herein upon a breach of this Agreement. Another Restaurant may be located on the border of the Protected Area. If Franchisor develops a catering/delivery program, Franchisee must obtain Franchisor’s prior written consent prior to providing catering or delivery services to the Restaurant’s customers. If Franchisor approves Franchisee to provide catering or delivery services, Franchisee shall only be permitted to provide catering/delivery services to customers in the Protected Area. Franchisee cannot provide catering or delivery services to customers outside of the Protected Area without Franchisor’s prior written approval.

#### **2.4 Franchisor’s Reserved Rights**

(a) Franchisee acknowledges that, except to the extent provided in Section 2.3 above, Franchisor and its Affiliates expressly retain all rights and discretion with respect to the Proprietary Marks and System, including, without limitation, the right to do the following without any payment of compensation to Franchisee:

- (1) establish, and license others to establish, Franchised Businesses using the Marks at any location outside of Franchisee’s Site Selection Territory (as and if applicable) or the Protected Area;

- (2) purchase or otherwise acquire the assets or controlling ownership of, and thereafter continue to own and operate, one (1) or more Competitive Businesses (and/or acquire franchise, license and/or similar rights or agreements for such Competitive Businesses and their respective franchise systems) that do not use the Marks, which may be located anywhere, including within the Site Selection Territory (as and if applicable) and the Protected Area;
- (3) be acquired (regardless of the form of transaction) by any business, even if the purchaser or its affiliates operate, franchise and/or license Competitive Businesses within the Site Selection Territory (as and if applicable) or the Protected Area;
- (4) operate and/or franchise others to operate Restaurants identified in whole or in part by the Marks and/or utilizing the System anywhere, including in the Site Selection Territory and the Protected Area, that are located in a shopping mall (or center), military base, state or national park, stadium, airport, train station, convention center, medical center, public transportation facility, toll booth plaza, corporate facility, amusement park, fairground, school or university campus or stadium or sports arena or any similar captive market location not reasonably available to Franchisee (a “**Non-Traditional Site**”);
- (5) develop and establish other business systems using the Marks and grant licenses to use those systems without providing any rights to Franchisee and locate such businesses in the Protected Area, so long as the business is not a retail location located in the Protected Area which primarily offers fresh, gourmet pizza for sale to its customers;
- (6) the exclusive right to sell Approved Products, goods and merchandise, bearing the Marks through the Internet, catalog sales, telemarketing, mail order sales or other direct marketing channels or alternative channels of distribution, pursuant to such terms and conditions as Franchisor deems appropriate. These products and merchandise may be similar or identical to Approved Products sold from the Franchised Business, and customers who purchase the Approved Products through such channels may be located within the Protected Area;
- (7) the exclusive right to distribute Approved Products and merchandise to wholesalers or retail businesses (such as supermarkets and specialty stores) (“**Alternative Distributors**”). Alternative Distributors may operate inside the Protected Area and there are no geographic limitations on the territory in which Franchisor or its Affiliates may distribute Products to Alternative Distributors. Further, Alternative Distributors may engage in direct competition with Franchisee’s Restaurant and there are no restrictions on the type of Products or merchandise Alternative Distributors may offer;
- (8) the exclusive right to own and operate businesses under different marks inside or outside the Protected Area, or license or grant to others the right

to own and operate businesses under different marks inside the Protected Area; and

- (9) engage in any activities not expressly forbidden by this Agreement.

If any Non-Traditional Site is located within the physical boundaries of the Site Selection Territory or Protected Area, then the premises of such Non-Traditional Site will not be included in the Site Selection Territory or Protected Area and Franchisee will have no rights to this Non-Traditional Site.

### SECTION 3. FEES

**3.1 Initial Franchise Fee.** Franchisee shall pay an initial franchise fee in the amount of (i) ~~thirty~~thirty-five thousand and no/100 dollars (~~\$30,000~~\$35,000) if this Agreement is to purchase the right to operate Franchisee's first Franchised Business, or (ii) ~~twenty~~fourtwenty-eight thousand and no/100 dollars (~~\$24,000~~\$28,000) if this Agreement is to purchase the right to operate an additional Franchised Business, provided, that Franchisee's first Franchised Business is still open and operating and Franchisee is not in default of its Franchise Agreement or any other agreements between Franchisee or its affiliates and Franchisor or its Affiliates, payable in one (1) full lump sum by cash, certified check or wire transfer upon the execution of this Agreement ("**Initial Franchise Fee**"). The Initial Franchise Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable. The Initial Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees.

**3.2 Royalty Fee.** During the Term of this Agreement, on or before Wednesday of each week, as set forth in the Confidential Manual or otherwise prescribed by Franchisor, Franchisee shall pay to Franchisor without offset, credit or deduction of any nature, a weekly fee equal to five percent (5%) of Gross Sales for the preceding week ("**Royalty Fee**"). Each weekly Royalty Fee shall accompany a Gross Sales Report, as required by Section 12.2, for the same period. If Franchisor requires Franchisee to pay Royalty Fees through electronic transfer as set forth in Section 3.5, such reports shall instead be submitted to Franchisor via facsimile transmission, e-mail or intranet system.

**3.3 Technology Access Fee.** Franchisee shall pay to Franchisor a weekly Technology Access Fee in an amount not to exceed fifty and no/100 dollars ("**Technology Access Fee**") and is currently twenty-five and no/100 dollars (\$25) per week. Unless otherwise indicated by Franchisor in writing, Technology Access Fees will be collected by electronic funds transfer on or before Wednesday of each week. Franchisor has the right to increase this amount at any time in its sole and absolute discretion upon sixty (60) days' prior written notice to Franchisee.

**3.4 Unapproved Product Fee.** If Franchisee sells a product or provides a service to customers from its Franchised Business that is not an Approved Product or approved service, or uses an unapproved ingredient, Franchisor may charge Franchisee a penalty fee equal to two hundred fifty and no/100 dollars (\$250) for each day that it sells a product or provides a service that is not an Approved Product or approved service, or uses an unapproved ingredient, until cured; provided, however, if Franchisee cures said breach of this Agreement for said

noncompliance, and Franchisee commits said breach again, this fee will increase by one hundred and no/100 dollars (\$100) for each subsequent breach.

**3.5 Taxes.** Franchisee shall pay to Franchisor an amount equal to all sales taxes, excise taxes, withholding taxes, use taxes and similar taxes imposed on the fees payable by Franchisee to Franchisor hereunder and on services or goods furnished to Franchisee by Franchisor at the same time as Franchisee remits such fees to Franchisor, whether such services or goods are furnished by sale, lease or otherwise, unless the tax is an income tax assessed on Franchisor for doing business in the state where Franchisee's Franchised Business is located.

**3.6 Electronic Transfer.** Franchisor requires all Royalty Fees, Brand Marketing Fund Contributions, Technology Access Fees, amounts due for purchases by Franchisee from Franchisor and other amounts due to Franchisor to be paid through an Electronic Depository Transfer Account. Franchisee shall open and maintain an Electronic Depository Transfer Account, and shall provide Franchisor with continuous access to such account for the purpose of receiving any payments due to Franchisor. Every week, Franchisee shall make deposits to the account sufficient to cover amounts owed to Franchisor prior to the date such amounts are due. Franchisee shall execute the document attached hereto as Exhibit 8, or any documents Franchisor's or Franchisee's bank requires to establish and implement the Electronic Depository Transfer Account. Once established, Franchisee shall not close the Electronic Depository Transfer Account without Franchisor's written consent. Franchisor reserves the right to change the frequency with which Franchisee pays Royalty Fees, in Franchisor's sole discretion, upon written notice, or immediately if required by applicable law. Royalty Fees, Brand Marketing Fund Contributions, and Technology Access Fees remitted to Franchisor will not be refundable under any circumstances. If Franchisee requests to pay Royalty Fees, Brand Marketing Fund Contributions, Technology Access Fees or any other fees due hereunder by credit card, and Franchisor grants such request, Franchisee shall be required to pay a fee of three percent (3%) of the monthly amount paid to Franchisor hereunder and execute any documentation required by Franchisor to establish auto-payment.

**3.7 Late Fees.** All Royalty Fee, Brand Marketing Fund Contribution, Technology Access Fee, amounts due for purchases by Franchisee from Franchisor, and other amounts that are not received by Franchisor within ten (10) days immediately following the due date shall incur a late fee of one hundred and no/100 dollars (\$100), plus interest on any overdue payment at the lower of (i) one and one-half percent (1.5%) per month; or (ii) the highest contract rate allowable by law. Franchisee shall pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and past due Royalty Fee, Brand Marketing Fund Contribution, Technology Access Fee, or any other amounts due Franchisor, including reasonable accounting and legal fees. This Section shall not constitute an agreement by Franchisor to accept any payments after the due date or a commitment by Franchisor to extend credit to or otherwise finance Franchisee.

**3.8 Application of Payments.** Notwithstanding any designation by Franchisee, Franchisor will have the right to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, Brand Marketing Fund Contributions, Technology Access Fees, purchases from Franchisor or any other amount owed to Franchisor in any proportion or priority.

**3.9 Insufficient Funds Fee.** Franchisee shall pay on demand an insufficient fund charge of one hundred and no/100 dollars (\$100.00) for each dishonored check, or insufficient funds notice, Franchisee tenders to Franchisor.

## SECTION 4. TERM AND RENEWAL

**4.1 Initial Term.** This Agreement begins on the Effective Date and will expire ten (10) years from that date, unless sooner terminated pursuant to Section 16 (the “**Term**”). This Agreement will not be enforceable until it has been countersigned by Franchisor and delivered to Franchisee.

**4.2 Successor Terms.** Subject to the conditions below, Franchisee may obtain a successor franchise at the expiration of the Term by complying with the conditions in this Section 4.2. Franchisee’s right to a successor franchise is limited to two (2) successive, five (5) year terms. To qualify for a successor franchise, Franchisee must fulfill all of the following conditions as of the last day of the Term:

- (1) During the entire Term, Franchisee has fully complied with all material terms of this Agreement or any other agreement with Franchisor, its Affiliates, and its approved/designated suppliers and vendors, and the landlord under Franchisee’s Lease and Franchisee is not currently in breach of any said agreement;
- (2) For the duration of the successor franchise, Franchisee has the right to remain in possession of the Accepted Location, or a suitable substitute location approved by Franchisor, which is in full compliance with Franchisor’s then-current specifications and standards;
- (3) At its expense, Franchisee makes such capital expenditures, refurbishment, maintenance and upgrading as are necessary to maintain uniformity with any System modifications such that Franchisee’s Franchised Business reflects Franchisor’s then-current standards and specifications;
- (4) Franchisee and its personnel must complete then-current training programs to Franchisor’s sole satisfaction;
- (5) Franchisee satisfies all monetary obligations owed by Franchisee to Franchisor (or any Affiliate), and has timely met these obligations throughout the Term;
- (6) Franchisee has given notice to Franchisor in writing of its intent to obtain a successor franchise no less than nine (9) months and no more than twelve (12) months prior to the end of the Term;
- (7) Franchisee executes Franchisor’s then-current form of franchise agreement (or has executed other documents at Franchisor’s election that modify this Agreement to reflect the fact that the Franchise Agreement relates to the grant of a successor franchise), which franchise agreement shall supersede this Agreement in all respects, and the terms of which may materially differ from the terms of this Agreement by requiring, among other things, a different Royalty Fee, Brand Marketing Fund Contribution, Technology Access Fee, or Local Advertising Expenditures;

- (8) Franchisee remits payment of a successor franchise fee in an amount equal to twenty five percent (25%) of the then-current Initial Franchise Fee ("**Successor Franchise Fee**");
- (9) Franchisee has met Franchisor's standards for a successor term, including as set forth in the Confidential Manual or otherwise in writing, and must not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and/or its affiliates and/or any of their respective beneficial owners and Franchisor and/or its Affiliates, either at the time of giving notice to Franchisor as provided in this Section, or during the remainder of the term of this Agreement; and
- (10) Franchisee and its Owners sign Franchisor's then-current general release of any and all claims against Franchisor and its Affiliates and against their respective officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), except to the extent prohibited by the laws of the state where Franchisee's Franchised Business is located.

**4.3 Extension of Term.** If Franchisee does not renew pursuant to the terms of Section 4.2 upon the expiration of the Term and continues to accept the benefits of this Agreement, then, at Franchisor's option, this Agreement may be treated as: (i) expired as of the date of the Term's expiration, which will result in Franchisee operating the Franchised Business without a license in violation of Franchisor's rights; or (ii) continued on a month-to-month basis until Franchisor provides Franchisee with notice of Franchisor's intent to terminate the month-to-month term. In the latter case, all of Franchisee's obligations shall remain in full force and effect as if this Agreement had not expired, and all obligations and restrictions imposed upon Franchisee upon the expiration of this Agreement shall be deemed to take effect upon the termination of the month-to-month term.

**4.4 Refusal to Renew Franchise Agreement.** Franchisor can refuse to renew this Agreement if the Lease is not extended before the successor franchise is to take effect to cover the period of such successor franchise or if Franchisee does not have a written commitment from its landlord to renew the Lease for a period at least equal to the successor franchise. Franchisor may also refuse to renew this Agreement under other circumstances, including, but not limited to, the failure to substantially comply with the terms of this Agreement, the failure to pay amounts owed to Franchisor, its Affiliates, any Approved Suppliers, the Brand Marketing Fund, or to any other third party in connection with the operation of the Franchised Business when due, or the failure to cure of any defaults incurred during the Term of this Agreement, if applicable.

**4.5 Renewal Under Law.** Even though Franchisor declines the renewal of this Agreement, it is possible that Franchisor can be required to renew it under a law, rule, regulation, statute, ordinance, or legal order that is applicable at the time. If that happens, to the extent it is allowed by the applicable law, rule, regulation, statute, ordinance or order, any successor franchise term will be subject to the conditions of the franchise agreement Franchisor is using for new franchisees at the time said successor franchise begins. If Franchisor is not then offering new Franchises, the successor franchise will be subject to the terms in the then-current franchise agreement that Franchisor indicates. If for any reason that is not allowed, the successor franchise will be governed by the terms of this Agreement.

**4.6 Election Not to Renew.** For the purposes hereof, Franchisee shall be deemed to have irrevocably elected not to renew this Agreement hereunder (and the option to do so shall thereupon terminate) if Franchisee fails to execute and return to Franchisor any of the successor franchise documents required thereby, together with payment of the successor fee outlined above, or if Franchisee provides written notice to Franchisor within the final sixty (60) days of the Term indicating that Franchisee does not wish to renew this Agreement.

## **SECTION 5. ACCEPTED LOCATION**

**5.1 Accepted Location.** The street address of the Accepted Location is set forth on Exhibit 1.

**5.2 Accepted Location Not Determined.**

(a) If the Accepted Location is determined as of the Effective Date, then this Section shall be inapplicable. If the Accepted Location of the Franchised Business is not determined as of the Effective Date, then the area in which the Franchised Business is to be located shall be within the geographic area described in Exhibit 2 (“**Site Selection Territory**”). Franchisee shall be responsible for purchasing or leasing the Accepted Location for the Restaurant within the Site Selection Territory within ninety (90) days of the Effective Date or Franchisor may terminate the Agreement pursuant to Section 16.2(a)(3). If applicable, Franchisee must use Franchisor’s designated real estate broker to provide site selection services. When the Accepted Location is determined, its address shall be inserted into Exhibit 1, and shall be initialed and dated by Franchisee and Franchisor. The failure to insert such address into Exhibit 1, shall not affect the enforceability of this Agreement. Provided Franchisee is not in default under any of the terms hereof, subject to Franchisor’s reservation of rights set forth in Section 2.4, pending determination of the Accepted Location, Franchisor will not operate or grant a license or franchise to any third party to operate another Restaurant using the Marks within the Site Selection Territory. During the period of time Franchisee is finding a site within the Site Selection Territory, Franchisee acknowledges and understands that Franchisor and other SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup><sub>®</sub> Restaurant franchisees may solicit and accept customers that may be located in the Site Selection Territory. Franchisee further acknowledges and understands that Franchisee will not be paid any compensation from Franchisor or other SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup><sub>®</sub> Restaurant franchisees for solicited and accepted customers. Once the Accepted Location has been determined, Franchisor will designate a Protected Area in accordance with Section 2.3 and amend Exhibit 1 accordingly. Franchisee shall thereafter have no right of exclusivity or territorial protection within any part of the Site Selection Territory. The Site Selection Territory is delineated for the sole purpose of site selection and shall automatically expire when the Protected Area has been determined in accordance with the provisions of this Agreement.

(b) Franchisor may (but is not obligated to) utilize the services of a third-party demographer in analyzing and establishing the general characteristics to assist in the determination of the Site Selection Territory for the Franchised Business. These characteristics include population, projected growth, estimated number of households, estimated number of families, age, income, marital status, age of children, workplace population, family data and household ownership. Also used in determining the boundaries of the Site Selection Territory are the major and restricting topographical features which define contiguous areas such as rivers, mountains, major roads, and undeveloped land areas, the density of residential and business

entities, trading patterns and traffic flows and other factors as Franchisor deems relevant, in its reasonable discretion.

**5.3 Failure to Accept Site.** Should Franchisee fail to obtain Franchisor's approval of the Accepted Location within ninety (90) days of the Effective Date, Franchisor has the right to terminate this Agreement. Franchisee may request a one-time extension of this ninety (90) day period, provided that Franchisee shows proof of good faith and best efforts to find an acceptable site for consideration. The extension's duration will be ninety (90) days or less.

**5.4 Lease of Accepted Location.**

(a) If the Accepted Location for the Franchised Business is to be leased, Franchisee shall execute a lease for, or a binding agreement to purchase, the Accepted Location, the terms of which must have been previously approved by Franchisor in writing (the "**Lease**"). Franchisor will not unreasonably withhold its approval. Franchisor will be entitled to require that nothing contained in the Lease is contradictory to, or likely to interfere with, Franchisor's rights or Franchisee's duties under this Agreement. Franchisee shall take all actions necessary to maintain the Lease, if any, of the Accepted Location while this Agreement is in effect. Any default for which the Lease may be terminated shall also be deemed a default hereunder and the time to cure the same shall expire in accordance with the termination provisions in the Lease. Franchisor's approval shall be conditioned upon inclusion of terms in the Lease acceptable to Franchisor and, at Franchisor's option, the Lease shall contain such provisions as Franchisor may reasonably require, including:

- (1) Franchisee may not create any obligations on behalf of Franchisor, grant any rights against Franchisor or agree to any other term, condition, or covenant which is inconsistent with any term of this Agreement;
- (2) Franchisee agrees to duly and timely perform all terms, conditions, covenants and obligations under the Lease;
- (3) Except as otherwise provided in this Agreement, Franchisee may not assign, charge, encumber or transfer its Lease, or sublet all or any part of the Accepted Location, without Franchisor's prior written approval.
- (4) Upon Franchisee's default and failure to cure under this Agreement or under the Lease for the Accepted Location, or if this Agreement is terminated, canceled, or not renewed, Franchisor (or, at Franchisor's option, Franchisor's designee) shall have the right to unilaterally assume Franchisee's rights and obligations under the Lease for the Accepted Location;
- (5) The Lease shall state that the Lease shall not expire until the expiration of the Term and that the Accepted Location shall be used only for a SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup><sub>®</sub> Restaurant; and
- (6) Franchisor may also condition its approval of the proposed Lease on inclusion of the following provisions therein: (a) that lessor agrees that, without its consent, the Lease and the right, title and interest of the Lessee thereunder, may be assigned by the Lessee to Franchisor or its designee, provided that Franchisor or its designee shall execute such

documents evidencing its agreement to thereafter keep and perform, or cause to be kept or performed, all of the obligations of the Lessee arising under the Lease from and after the time of such assignment; (b) that if Franchisor or its designee assumes the Lease, Franchisor (or its designee) shall not be responsible for any of Franchisee's debts or obligations to the lessor that Franchisee incurred before the date of the assumption; (c) that if Franchisor (or its designee) assumes the Lease, the lessor waives any administrative, assignment, or transfer fee that the Lease may otherwise require following an assignment or assumption; (d) that the lessor concurrently provide Franchisor with copies of all notices of default given to Franchisee under the Lease; (e) that during the term of the Lease, the lessor agrees to sign and deliver to Franchisee or Franchisor, within a reasonable number of days after a request from Franchisee or Franchisor (to be specified in the Lease), an estoppel certificate certifying that the Lease is in full force and effect, is unmodified, or if modified, describing the modification and that there are no defaults under the Lease, or if there are defaults claimed, describing the claimed defaults, the dates to which all rentals have been paid; and any other matters reasonably requested by Tenant or Franchisor; (f) that during the term of the Lease and extensions of that term, the lessor grants Franchisee the exclusive right to operate a restaurant deriving more than ten percent (10%) of its revenue from the sale of pizza in the shopping center in which the Location is located; (g) that the lessor consents to Franchisee's use of the required colors, dimensions, and design for the SLICE HOUSE BY TONY GEMIGNANI<sup>TM®</sup> Restaurant trade name and logo that Franchisee is required to use on the Accepted Location's exterior and interior signs; (h) that Franchisee is prohibited from subletting or assigning (except to Franchisor) all or any part of Franchisee's occupancy rights under the Lease, extending the term of the Lease, or renewing the Lease without Franchisor's prior written consent; (i) that Franchisor or its appointed representatives have the right to enter the Accepted Location to make any modification necessary to protect Franchisor's Marks or to cure any default under this Agreement or the Lease; (j) that lessor shall give written notice to Franchisor (concurrently with the giving of such notice to Lessee), of any default by Lessee under the Lease and Franchisor shall have, after expiration of the period during which Lessee may, but is not required to, cure such default, an additional thirty (30) days to cure any such default, at its sole option; and (k) that Franchisee is a SLICE HOUSE BY TONY GEMIGNANI<sup>TM®</sup> franchisee that is independently owned and operated.

(b) Franchisee shall furnish Franchisor and Franchisor's designated attorney with a copy of the executed Lease, including any ancillary documents related thereto, for its Accepted Location within ten (10) days after execution of the same. Franchisee is required to provide Franchisor with any updates, renewals or newly executed Leases, including any ancillary documents related thereto, such that Franchisor has a current copy of the same on file at all times.

(c) Franchisee and the lessor or sublessor for the Location must execute the Conditional Assignment and Assumption of Lease attached hereto as Exhibit 7.

(d) The parties acknowledge and agree that Franchisor's approval of a Lease does not mean that the economic terms of the Lease are favorable; it means only that the Lease contains the terms that Franchisor requires.

## **5.5 Ownership and Financing.**

(a) Instead of leasing an Accepted Location, Franchisee may propose to purchase, construct, own and operate a SLICE HOUSE BY TONY GEMIGNANI<sup>TM®</sup> Restaurant on real property owned by Franchisee or an affiliate. Franchisee must meet certain conditions if Franchisee or its affiliates own an Accepted Location or at any time prior to acquisition, or subsequently, Franchisee or its affiliates propose to obtain any financing with respect to the Accepted Location or for the Franchised Business or for any operating assets in which any of such items are pledged as collateral securing performance. The form of any purchase contract with the seller of an Accepted Location and any related documents, and form of any loan agreement with mortgage in favor of any lender and any related documents, must be approved by Franchisor before Franchisee or its affiliate sign them. Franchisor's consent to them may be conditioned upon the inclusion of various terms and conditions, including the following:

- (1) a provision which requires any lender or mortgagee concurrently to provide Franchisor with a copy of any written notice of deficiency or default under the terms of the loan or mortgage sent to Franchisee, its affiliates or the purchaser;
- (2) a provision granting Franchisor, at its option, the right (but not the obligation) to cure any deficiency or default under the loan or mortgage (should Franchisee fail to do so) within fifteen (15) days after the expiration of a period in which Franchisee may cure such default or deficiency;
- (3) a provision which expressly states that any default under the loan or mortgage, if not cured within the applicable time period, constitutes grounds for termination of this Agreement and any default under this Agreement, if not cured within the applicable time period, also constitutes a default under the loan or mortgage; and
- (4) Franchisee's delivery to Franchisor of its standard form of Agreement to Lease which requires Franchisee, at Franchisor's option, to lease the Accepted Location to Franchisor if this Agreement is terminated, assigned or transferred pursuant to Franchisor's then-current form of Agreement to Lease.

**5.6 Franchisor's Approval of Lease or Purchase Agreement.** Franchisor will not conduct site selection activities on Franchisee's behalf and Franchisor's review of a lease or purchase agreement, shall not constitute a representation or guarantee that Franchisee will succeed at the Accepted Location nor constitute an expression of Franchisor's opinion regarding the terms of such lease or purchase agreement. Franchisee acknowledges and agrees that Franchisee shall solely rely on its review of any such lease or purchase agreement. It shall be Franchisee's sole responsibility to undertake site selection activities and otherwise secure the premises for its Franchised Business. Franchisor may, in its sole discretion, provide on-site location selection assistance at Franchisee's request and subject to Franchisor's availability but

may require that Franchisee reimburse Franchisor for its travel and out-of-pocket costs and expenses.

**5.7 Development of Accepted Location.** Franchisee is solely responsible for developing the Accepted Location in accordance with Franchisor's standard plans and specifications for the development of a SLICE HOUSE BY TONY GEMIGNANI<sup>TM®</sup> Restaurant. Franchisor will make available to Franchisee, at no charge to Franchisee, specifications for the development of a SLICE HOUSE BY TONY GEMIGNANI<sup>TM®</sup> Restaurant, including specifications for the exterior and interior design and layout, fixtures, equipment, décor and signs. Such specifications are subject to alteration, as Franchisor deems necessary. Franchisee acknowledges that (i) any plans and specifications Franchisor provides Franchisee may not contain the requirements of any federal, state or local law, code or regulation (including those concerning the American with Disabilities Act (the "ADA")) or similar rules governing public accommodations or commercial facilities with people with disabilities; and (ii) Franchisor's review is only to ensure Franchisee's compliance with Franchisor's System. Compliance with all federal, state and local laws and regulations are Franchisee's sole responsibility. In connection with the development of the Accepted Location, Franchisee shall, at Franchisee's own expense:

- (1) engage ~~Franchisor's designated~~ architect, if so that meets our specifications and standards, and our designated interior designer, to draft the plans and specifications for improvement of the Accepted Location adapted from the specifications furnished by Franchisor and submit said plans to Franchisor for its approval;
- (2) obtain all zoning classifications and clearances which may be required by state and local laws, ordinances or regulations, and submit to Franchisor, for Franchisor's approval, final plans for construction prepared by the ~~designated~~ architect based upon the preliminary plans and specifications prior to construction bids being solicited;
- (3) obtain all building, occupancy, utility, sign, health, and business permits and licenses, approvals and any other permits and licenses required for the build-out and operation of the Franchised Business and certify in writing and provide evidence to Franchisor that all such permits have been obtained;
- (4) engage a qualified, licensed, insured general contractor to complete construction of all required improvements to the Accepted Location that has experience in building restaurants;
- (5) purchase any supplies or inventory necessary for the operation of the Franchised Business;
- (6) purchase and install all equipment, signs, furniture and fixtures, including without limitation, the POS System and the Computer System, required by Franchisor for the operation of the Franchised Business;
- (7) give Franchisor notice of commencement of construction within fifteen (15) days of the date it began, with progress reports including digital

photographs of the construction supporting the findings at least once a month;

- (8) provide, and allow Franchisor to conduct, on-site inspections to ensure the Accepted Location is built out in compliance with plan specifications. If a change was made without Franchisor approval, corrective action shall be required and all costs incurred must be paid by Franchisee;
- (9) provide Franchisor with copies of Franchisee's construction bids and an itemization of Franchisee's final construction costs; and
- (10) prior to the issuance of a "Certificate of Occupancy," Franchisor or its designee reserves the right to a final walk-through of the Franchised Business to ensure Franchisor's standards have been met. If any area does not comply with Franchisor's specifications, Franchisor may require that the issue(s) be remedied prior to the opening of the Franchised Business.

**5.8 Timeline for Development of Accepted Location.** Should Franchisee fail to comply with the construction timelines and tasks required in connection therewith as outlined in the Confidential Manual, Franchisor has the right to terminate this Agreement.

**5.9 Opening.**

- (a) Before opening the Franchised Business, Franchisee shall:
  - (1) fulfill all of the obligations of Franchisee pursuant to the other provisions of this Section;
  - (2) furnish Franchisor with copies of all insurance policies required by this Agreement, or by the Lease, or such other evidence of insurance coverage and payment of premiums as Franchisor may request;
  - (3) complete Initial Training to the satisfaction of Franchisor;
  - (4) hire and train the personnel necessary or required for the operation of the Franchised Business;
  - (5) obtain all necessary permits, approvals and licenses;
  - (6) pay for the Initial Franchise Fee and pay in full all other amounts due to Franchisor;
  - (7) establish broadband or high speed Internet access and obtain at least two (2) telephone numbers solely dedicated to the Franchised Business;
  - (8) if Franchisee is a business entity, Franchisee has caused each of its stock certificates or other ownership interest certificates to be conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that such ownership interest is held subject to, and that further

assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement; and

- (9) obtain Franchisor's permission and approval of an opening date. Permission to open shall be based on Franchisor's determination that Franchisee is ready to open and satisfactorily prepared to operate.

(b) Franchisee shall comply with these conditions and be prepared to open and continuously operate the Franchised Business within nine (9) months of the date that Franchisee submits architectural drawings for the Accepted Location. TIME IS OF THE ESSENCE.

**5.10 Failure to Open.** If Franchisee fails to open the Franchised Business to the public within nine (9) months of the date that Franchisee submits architectural drawings for the Accepted Location, or if Franchisee fails to submit architectural drawings to Franchisor within six (6) months of the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section, Franchisor will retain the entire Initial Franchise Fee paid by Franchisee.

**5.11 Use of Accepted Location.** Franchisee shall not use the Accepted Location for any purpose other than for the operation of a SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup>® Franchised Business in full compliance with this Agreement and the Confidential Manuals, unless approved in writing by Franchisor.

**5.12 Remodeling.** In addition to any remodeling required by Franchisor upon the renewal or assignment of this Agreement, Franchisee shall, upon written notice from us and at Franchisee's sole cost and expense, remodel and make improvements and alterations in and to the Restaurant and/or other items used in Franchisee's Franchised Business as reasonably determined by Franchisor, from time to time, to be necessary to reflect Franchisor's then-current specifications, standards, format, layout, image, and appearance.

**5.13 Reconstruction of Site.** In the event the Restaurant is damaged or destroyed by fire or any other casualty, or is required to be repaired or reconstructed by any governmental authority, Franchisee shall, at its own expense, repair or reconstruct the Restaurant within a reasonable time under the circumstances, however, in the event such time exceeds one hundred and twenty (120) days, Franchisor shall have the option, exercisable by Franchisor in Franchisor's sole discretion, to terminate this Agreement. The minimum acceptable appearance for the restored Restaurant will be that which existed just prior to the casualty; however, every effort should be made to have the restored Restaurant reflect the then-current image, design and specifications of System Restaurants. If the Restaurant is substantially destroyed by fire, or any other casualty, the parties may terminate this Agreement in lieu of Franchisee reconstructing the Restaurant.

**5.14 Relocation.** Franchisee may not relocate the Franchised Business without Franchisor's consent. In granting such consent, Franchisor will consider whether the lease for the Accepted Location of the Franchised Business has expired or terminated without fault on Franchisee's part; if the Accepted Location has been destroyed, condemned or rendered unusable, changes in the character of the location of the Franchised Business sufficiently detrimental to Franchisee's business potential to warrant a relocation; the location of other and future facilities and other factors deemed relevant by Franchisor in its reasonable discretion. Any such relocation will be at Franchisee's cost and expense. At the time Franchisee applies with Franchisor for approval of relocation, Franchisee shall pay to Franchisor an amount of fifty percent (50%) of the

then-current Initial Franchise Fee (“**Relocation Fee**”), which is payable by Franchisee as follows (a) fifty percent (50%) of the Relocation Fee upon the request for relocation; and (b) the remainder upon Franchisor’s approval of the relocation. The Relocation Fee is nonrefundable upon full payment thereof.

## **SECTION 6. PROPRIETARY MARKS**

**6.1 Ownership.** Franchisee’s right to use the Proprietary Marks is derived solely from this Agreement, is nonexclusive and is limited to the conduct of business by Franchisee pursuant to, and in compliance with, this Agreement and all applicable standards, specifications and operating procedures prescribed from time to time by Franchisor. Franchisee acknowledges that Franchisor’s Affiliate is the exclusive owner of the Proprietary Marks and all other elements of the System. Any unauthorized use of the Proprietary Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor’s Affiliate in and to the Proprietary Marks. Franchisee’s use of the Proprietary Marks, and any goodwill created thereby, shall inure exclusively to the benefit of Franchisor’s Affiliate. Franchisee shall not at any time acquire an ownership interest in the Proprietary Marks by virtue of any use it may make of the Proprietary Marks. This Agreement does not confer any goodwill, title or interest in the Proprietary Marks to Franchisee and upon the termination or expiration thereof, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee’s use of the System or the Proprietary Marks. Franchisee shall not, at any time during the Term or after its termination or expiration, contest the validity or ownership of any of the Proprietary Marks or assist any other person in contesting the validity or ownership of any of the Proprietary Marks. Franchisee agrees that its use of all or any part of the System contrary to any provision of this Agreement, or its use of any confusingly similar method, format, procedure, technique, system, name, trade dress, mark, symbol, emblem, slogan, insignia, term, designation, design, diagram, promotional material or course material, during or after the Term, shall cause irreparable injury to Franchisor’s Affiliate and Franchisor and shall constitute a material breach of this Agreement, and shall entitle Franchisor’s Affiliate and Franchisor to obtain temporary, preliminary or permanent injunctive relief from a court or agency of competent jurisdiction, and to recover court costs, reasonable expenses of litigation, reasonable attorneys’ fees, and any other appropriate remedies. All provisions of this Agreement applicable to the Proprietary Marks apply to any additional proprietary trade and service marks and commercial symbols Franchisor authorizes Franchisee to use.

**6.2 Limitations on Use.** Franchisee shall not use any Proprietary Mark or portion of any Proprietary Mark as part of any business entity name, e-mail address, domain name or 1-800 number, without Franchisor’s prior written consent. Franchisee shall not use any Proprietary Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies and obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Franchised Business. Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Proprietary Marks or a trademark or service mark that is confusingly similar to any Proprietary Mark. Franchisee shall include on its letterhead, forms, cards and other such identification, and shall display at the Accepted Location, a prominent notice stating that the Franchised Business is an “Independently Owned and Operated SLICE HOUSE BY TONY GEMIGNANI<sup>TM®</sup> Restaurant Franchise”.

**6.3 Notification of Infringement and Claims.** Franchisee shall immediately notify Franchisor of any infringement of the Proprietary Marks or challenge to its use of any of the Proprietary Marks or claim by any person of any rights in any of the Proprietary Marks. Franchisee shall not communicate with any person other than Franchisor or Franchisor's Affiliate and their respective counsel in connection with any such infringement, challenge or claim; provided, however, Franchisee may communicate with Franchisee's counsel at Franchisee's expense. Franchisor or its Affiliate has the right to take such action as it deems appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Proprietary Marks. Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Franchisor's or Franchisor's Affiliate's counsel, be necessary or advisable to protect and maintain Franchisor's Affiliate's interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor's Affiliate's interest in the Proprietary Marks.

**6.4 Indemnification for Use of Proprietary Marks.** Franchisor will reimburse Franchisee for all expenses reasonably incurred by Franchisee in any trademark or similar proceeding disputing Franchisee's authorized use of any Proprietary Mark in accordance with this Agreement and the Confidential Manuals, provided that Franchisee has complied with the provisions of Section 6.3, has complied with this Agreement and Franchisor's or Franchisor's Affiliate's directions in responding to such proceeding. At Franchisor's or Franchisor's Affiliate's option, Franchisor or its designee may defend and control the defense of any proceeding arising directly from Franchisee's use of any Proprietary Mark. This indemnification shall not include the expense to Franchisee of removing signage or any other expenses arising from the discontinuance of the use of the Proprietary Marks. This indemnification shall not apply to litigation between Franchisor or Franchisor's Affiliate, on the one hand, and Franchisee, on the other, wherein Franchisee's use of the Proprietary Marks is disputed or challenged by Franchisor or Franchisor's Affiliate. This indemnification shall not apply to any separate legal fees or costs incurred by Franchisee in seeking independent counsel separate from the counsel representing Franchisor, Franchisor's Affiliate and Franchisee in the event of litigation disputing Franchisor, Franchisor's Affiliate's and Franchisee's use of the Proprietary Marks.

**6.5 Discontinuance of Use.** If Franchisor deems it necessary for Franchisee to modify or discontinue use of any of the Proprietary Marks, and/or use one or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's directions within ten (10) business days after notice to Franchisee by Franchisor. Franchisor will not be required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Proprietary Mark or any loss of goodwill associated with any modified or discontinued Proprietary Mark or for any expenditures made by Franchisee to promote a modified or substitute Proprietary Mark.

**6.6 Further Reservation Rights.** Because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, in its sole and unrestricted discretion and as Franchisor may deem to be in the best interests of all concerned in any specific instance, to vary standards for any franchisee or franchisees based upon the peculiarities of a particular territory, density of population, business potential, business practice or other condition important to the successful operation of such franchisee's business. Franchisor may grant to one (1) or more franchisees variations from standard specifications and practices as Franchisor determines in its sole and unrestricted discretion, and Franchisor shall have no obligation to grant Franchisee like or similar variations. Franchisee acknowledges that, over time, Franchisor has entered, and will continue to enter, into

agreements with other franchisees that may contain provisions, conditions and obligations that differ from those contained in this Agreement. The existence of different forms of agreement do not affect Franchisor's or Franchisee's duties to comply with the terms of this Agreement. Franchisee has no right to require Franchisor to disclosure or grant to Franchisee a like or similar variation or accommodation.

**6.7 Right to Inspect.** To preserve the validity and integrity of the Proprietary Marks and any copyrighted materials licensed hereunder, and to ensure that Franchisee is properly employing the Proprietary Marks in the operation of the Franchised Business, Franchisor and its designees have the right to enter and inspect the Franchised Business and the Accepted Location at all reasonable times and without notice to Franchisee, and have the right to (a) observe, photograph and videotape the operations of the Restaurant, the production methods of Franchisee's personnel and any products provided thereby for such consecutive or intermittent periods as Franchisor deems necessary; (b) remove, or otherwise receive or obtain, samples of any Approved Products, materials, ingredients or supplies for testing, evaluation or analysis; (c) interview Franchisee's personnel and customers of the Restaurant; and (d) inspect facilities, equipment, products, ingredients, supplies, reports, forms and documents and related data to ensure that Franchisee is operating the Franchised Business in accordance with the quality control provisions and performance standards established by Franchisor. If Franchisor retains a third-party to provide any quality assurance inspections, Franchisee shall not be required to pay more than five hundred and no/100 dollars (\$500) per quarter on these services.

**6.8 Franchisor's Sole Right to Domain Name.** Franchisee shall not advertise on the Internet using, or establish, create or operate an Internet site or Website using a domain name or uniform resource locator containing, the Proprietary Marks or the words "SLICE HOUSE BY TONY GEMIGNANI<sup>TM®</sup>" or any variation thereof without Franchisor's written approval. Franchisor is the sole owner of all right, title and interest in and to such domain names as Franchisor may designate in the Confidential Manuals.

## **SECTION 7.**

### **TRADE SECRETS AND OTHER CONFIDENTIAL INFORMATION**

**7.1 Confidentiality of Trade Secrets and Other Confidential Information.** Franchisee acknowledges that Franchisor will disclose Trade Secrets and other Confidential Information to Franchisee during the training program, through the Confidential Manuals, and because of guidance furnished to Franchisee during the Term. Franchisee shall not acquire any interest in the Trade Secrets or other Confidential Information, other than the right to use it in the development and operation of the Franchised Business and in performing its duties during the Term. Franchisee acknowledges that the use or duplication of the Trade Secrets or other Confidential Information in any other business venture would constitute an unfair method of competition. Franchisee acknowledges that the Trade Secrets and other Confidential Information are proprietary and are disclosed to Franchisee solely on the condition that Franchisee (and all holders of a legal or beneficial interest in Franchisee and all officers, directors, executives, managers and members of the professional staff of Franchisee): (a) shall not use the Trade Secrets or other Confidential Information in any other business or capacity; (b) shall maintain the absolute confidentiality of the Trade Secrets and other Confidential Information during and after the Term; (c) shall not make any unauthorized copies of any portion of the Trade Secrets or other Confidential Information disclosed in written or other tangible form; and (d) shall adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Trade Secrets and other Confidential Information. Franchisee shall enforce this Section as to its employees, agents and representatives and shall be

liable to Franchisor for any unauthorized disclosure or use of Trade Secrets or other Confidential Information by any of them. If Franchisee or anyone to whom Franchisee transmits the Confidential Information or Trade Secrets becomes legally compelled (by court order, interrogatories, discovery requests for information or documents, subpoenas, civil investigative demands or similar process) to disclose any Confidential Information, Franchisee must immediately notify Franchisor in writing so that it may seek a protective order or other remedy. Franchisee shall reasonably cooperate with Franchisee in Franchisor's efforts to seek such protective order or other remedy. In any event, Franchisee shall furnish only that portion of the Confidential Information or Trade Secrets which is legally required and exercise its best efforts to obtain reliable assurance that confidential treatment will be accorded thereto.

**7.2 Improvements.** All ideas, concepts, techniques or materials concerning the System or developed, in whole or in part, using Trade Secrets or other Confidential Information, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees ("**Improvements**"), shall be promptly disclosed to Franchisor and shall be deemed the sole and exclusive property of Franchisor. Franchisor has the right to incorporate Improvements into the System and may use them and authorize Franchisee and others to use them in the operation of SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup><sub>®</sub> Restaurant without payment of compensation to Franchisee or its owners or employees. Improvements will then also constitute Confidential Information. Franchisor shall disclose to Franchisee any Improvements that are made part of the System. As Franchisor may reasonably request, Franchisee shall, or shall ensure that its owners or employees, take all actions to assist Franchisor's efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not. In the event that the foregoing provisions are held to be invalid or otherwise unenforceable, Franchisee grants to Franchisor an irrevocable, worldwide, perpetual, exclusive, royalty-free license, with the right to sublicense, such Improvements.

**7.3 Exclusive Relationship.** Franchisee acknowledges that Franchisor would be unable to protect the Trade Secrets and other Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup><sub>®</sub> Restaurant franchisees if owners of SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup><sub>®</sub> Restaurant and members of their immediate families or households were permitted to hold an interest in or perform services for any Competitive Business. Therefore, during the Term, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee (or any member of their immediate families or households), nor any officer, director, executive, or General Manager, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other business entity, shall:

(a) Divert or attempt to divert any business or customer of a SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup><sub>®</sub> Restaurant to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System; or

(b) Own an interest in, manage, operate, be employed by or perform services for any Competitive Business, or any business that licenses or franchises the right to own a Competitive Business, wherever located.

**7.4 Nondisclosure and Non-Competition Agreements with Certain Individuals.** Franchisor has the right to require any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive,

manager or member of the professional staff, and all employees, of Franchisee to execute Franchisor's standard form of nondisclosure and non-competition agreement either upon execution of this Agreement or prior to each such person's affiliation with Franchisee. Upon Franchisor's request, Franchisee shall provide Franchisor with copies of all nondisclosure and non-competition agreements signed pursuant to this Section. Such agreements shall remain on file at the offices of Franchisee and are subject to audit or review as otherwise set forth herein. Franchisor will be a third party beneficiary with the right to enforce covenants contained in such agreements.

**7.5 Non-Disparagement.** Franchisee shall not take any action or make any statement the effect of which would be to directly or indirectly impair Franchisor's goodwill or Franchisor's rights to the System or Marks, or the goodwill of the Affiliates, or be materially detrimental to Franchisor, its Affiliates, any company-owned or affiliate-owned Restaurants or Franchisor's franchisees, including, but not limited to, any action or statement intended, directly or indirectly, to benefit any of Franchisor's competitors. This provision survives forever.

## **SECTION 8. TRAINING AND ASSISTANCE**

**8.1 Initial Training.** Franchisor shall provide (a) initial management training ("**Initial Management Training**") to Franchisee and its owners at no charge; and (b) initial operations training ("**Initial Operations Training**", and with Initial Management Training, the "**Initial Training**") to three (3) people at no charge and Franchisee's General Manager and Operating Principal must attend and complete to Franchisor's satisfaction. Franchisee may request that additional of its staff members attend Initial Operations Training and, if granted, Franchisor may charge an additional training fee of one thousand five hundred and no/100 dollars (\$1,500) per additional attendee ("**Additional Trainee Fee**"). Franchisee's attendees must attend and successfully complete, to Franchisor's satisfaction, Initial Training pertaining to the operation and administration of the Franchised Business no later than four (4) weeks prior to the scheduled opening of the Franchised Business and execute the form of confidentiality and non-competition agreement attached to this Agreement as Exhibit 9. The Initial Training shall include, classroom training and on-the-job training and shall cover material aspects of the operation of a Franchised Business including, but not limited to, the System's culture and goals; recipes and preparation methods; ingredients and suppliers; maintenance of quality standards; customer service techniques; record keeping and reporting procedures; an understanding of the conceptual plans outlined in the Confidential Manuals; general knowledge in regard to promotion, advertising and marketing techniques; the ability to assess the needs of potential clientele; general office and professional practice operations and procedures; and implementation of the Franchisor's furniture, fixtures and equipment. If this is not Franchisee's first Franchised Business, the Initial Training may be reduced in Franchisor's sole and absolute discretion. Initial Training will be conducted at Franchisor's headquarters or at such other location as Franchisor may designate. All expenses incurred by Franchisee's attendees, including, but not limited to, travel and room and board expenses, shall be the sole responsibility of Franchisee.

**8.2 Opening Assistance.** In conjunction with the beginning of operation of the Franchised Business, Franchisor will provide a representative for on-site opening assistance for a period of no more than five (5) days as Franchisor, in its sole and absolute discretion, determines appropriate for the purpose of familiarizing Franchisee's staff with SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup> Restaurant techniques and for the purpose of providing general assistance and guidance in connection with the opening of the Franchised Business. The exact number of days will be at the discretion of Franchisor based upon Franchisee's ability to successfully open the

SLICE HOUSE BY TONY GEMIGNANI<sup>TM®</sup> Restaurant. However, it is anticipated that Franchisor's representative will be on-site two (2) days prior to the opening, the day of the opening and two (2) days following the opening. If Franchisor deems necessary and appropriate the provision of, or if Franchisee requests and Franchisor is available to provide, additional on-site assistance with respect to the opening of the Franchised Business that exceeds five (5) days, Franchisee shall pay Franchisor its then-current additional training fee, which is currently five hundred and no/100 dollars (\$500) per trainer, per day, plus the trainer(s)' expenses (travel costs, room and board) (the "**Additional Training Fee**"), for such additional assistance; provided, however, if said additional training is conducted by Tony Gemignani, Franchisee shall pay Franchisor its then-current founder training fee, which is currently one thousand and no/100 dollars (\$1,000) per day, plus the founder's expenses (travel costs, room and board) (the "**Founder Additional Training Fee**"), for such additional assistance.

**8.3 Mandatory Additional Training.** If Franchisor requires any additional training ("**Mandatory Additional Training**") after the opening of the Franchised Business (a) that Franchisor determines is necessary or appropriate, in Franchisor's sole discretion, to protect the quality, integrity and/or reputation of the System and/or Marks, including, without limitation, because Franchisee is in default or breach under this Agreement or otherwise in violation of the System; or (b) upon transfer or renewal of this Agreement, then Franchisor will charge Franchisee Franchisor's then-current Additional Training Fee to conduct such Mandatory Additional Training.

**8.4 Failure to Complete Initial Training Program.** If Franchisor determines that any of Franchisee's attendees is unable to satisfactorily complete the Initial Training prior to opening the Franchised Business, Franchisor has the right to terminate this Agreement. Franchisor may permit Franchisee to have said attendee re-attend Initial Training or select a substitute attendee and such substitute attendee must complete the Initial Training to Franchisor's satisfaction. Franchisee will be required to pay Franchisor's then-current Additional Trainee Fee for attending such training.

**8.5 New General Manager.** After beginning operations, should Franchisee name a new General Manager, Franchisee must notify Franchisor of the identity of the new General Manager and the new General Manager must (a) be approved by Franchisor; and (b) within thirty (30) days of hire, complete the Initial Operations Training to Franchisor's satisfaction prior to assuming General Manager responsibilities. Franchisee will be required to pay Franchisor's then-current Additional Trainee Fee for such training.

**8.6 Ongoing Training and Convention Fee.** From time to time, Franchisor may provide, and if it does, has the right to require that Franchisee, its General Manager or other staff members participate in, refresher courses, attend additional training, business meetings or annual conventions. Franchisee will be required to pay Franchisor's then-current Additional Training Fee for such training, or Franchisor's then-current convention fee, which is currently zero and no/100 dollars (\$0), plus all travel costs, room and board and employees' salaries for attendance at such training, meeting or convention. Franchisor reserves the right to charge a convention fee in the future.

## SECTION 9. CONFIDENTIAL OPERATIONS AND CONFIDENTIAL MANUAL

### 9.1 Loan by Franchisor

(a) Franchisor will grant Franchisee access, during the term of this Agreement, to the Confidential Manuals. Franchisor may do so with print versions or electronically only. Franchisee shall follow the standards, specifications and operating procedures Franchisor establishes periodically for the System that are described in the Confidential Manuals (the “**System Standards**”). Franchisee also must comply with all updates and amendments to the System as described in newsletters or notices Franchisor distribute, including via the Computer System or other technology systems. Franchisee must maintain the Confidential Manuals as confidential and maintain the information in the Confidential Manuals as secret and confidential. The Confidential Manuals may be modified, updated and revised from time to time to reflect changes.

(b) At Franchisor’s option, it may post some or all of the Confidential Manuals and/or other documentation and communication of standards, policies and procedures, on a restricted Website or extranet to which Franchisee will have access. “**Website**” means an interactive electronic document contained in a network of computers linked by communications software, including the internet and world wide web home pages. If Franchisor does so, Franchisee agrees to monitor and access the Website or extranet for any updates to the Confidential Manuals. Franchisor, or its designee, will periodically notify electronically about updates, changes, or deletions to the content posted on the restricted Website or extranet. Franchisor, or its designee, will not issue, nor will Franchisee receive, any updates, changes, or deletions to this content in hard copy form. Any passwords or other digital identifications necessary to access the Confidential Manuals on a Website or extranet will be deemed to be part of Confidential Information.

(c) Franchisee agrees to keep its copy of the Confidential Manuals full, complete and current and in a secure location at the Franchised Business. In the event of a dispute relating to its contents, the master copy of the Confidential Manuals Franchisor maintains at Franchisor’s principal office will be controlling. Franchisee may not at any time copy, duplicate, record or otherwise reproduce any part of the Confidential Manuals.

**9.2 Revisions.** Franchisor has the right to add to or otherwise modify the Confidential Manuals from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor; provided, however, that no such addition or modification shall materially alter Franchisee’s fundamental status and rights under this Agreement. Franchisor may make such additions or modifications without prior notice to Franchisee. Franchisee shall immediately, upon notice, adopt any such changes at its sole cost and expense and shall ensure that its copy of the Confidential Manuals is up-to-date at all times. If the Confidential Manuals is lost, stolen or damaged, Franchisee must obtain a replacement from Franchisor and it may charge Franchisee for such replacement. If a dispute as to the contents of the Confidential Manuals arises, the terms of the master copy of the Confidential Manuals maintained by Franchisor at Franchisor’s headquarters shall be controlling.

**9.3 Confidentiality.** The Confidential Manuals contain Trade Secrets and other Confidential Information of Franchisor and its contents shall be kept confidential by Franchisee both during the term of the Franchise and subsequent to the expiration and non-renewal or termination of this Agreement. Franchisee shall at all times ensure that its copy of the Confidential Manuals is available at the Accepted Location in a current and up-to-date manner. If the Confidential Manuals are in paper form or stored on computer-readable media, Franchisee shall maintain the Confidential Manuals in a secure manner at the Accepted Location; if the Confidential Manuals are in electronic form, Franchisee shall maintain the Confidential Manuals in a password-protected file. Franchisee shall only grant authorized personnel, as defined in the

Confidential Manuals, access to the Confidential Manuals or any key, combination or passwords needed for access to the Confidential Manuals. Franchisee shall not disclose, duplicate or otherwise use any portion of the Confidential Manuals in an unauthorized manner.

## **SECTION 10. FRANCHISE SYSTEM**

**10.1 Uniformity.** Franchisee shall, and shall cause the Franchised Business and its employees to, strictly comply with all requirements, specifications, standards, operating procedures and rules set forth in this Agreement, the Confidential Manuals or other communications supplied to Franchisee by Franchisor.

**10.2 Modification of the System.** Franchisor has the right to change or modify the System from time to time including, without limitation, the adoption and use of new or modified Proprietary Marks or copyrighted materials, System Standards, and Computer System, POS System, equipment, inventory, supplies or sales and marketing techniques. Franchisee shall accept and use any such changes in, or additions to, the System as if they were a part of this Agreement as of the Effective Date. Franchisee shall make such expenditures as such changes, additions or modifications in the System may reasonably require. Any required expenditure for changes or upgrades to the System shall be in addition to expenditures for repairs and maintenance as required in Section 13.2. Franchisor agrees to give Franchisee ten (10) days to comply with any change or modification that Franchisor requires that does not affect the health and/or safety of the customers in the SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup><sub>®</sub> Restaurant. Franchisor, in its sole discretion, may extend the 10-day time period for delays caused by items beyond Franchisee's control, such as acts of state or governmental action (including the failure of any government to grant any license, authorization or approval). Notwithstanding the foregoing, Franchisee shall be required to immediately make any and all improvements or modifications whenever such are required by law, regulation, agency decision or court order.

## **SECTION 11. ADVERTISING AND PROMOTIONAL ACTIVITIES**

**11.1 Grand Opening Advertising.** Prior to the initial opening of the Franchised Business, Franchisee shall at least spend twelve thousand and no/100 dollars (\$12,000) on local advertisement and promotion of the initial opening of the Franchised Business during the period of time thirty (30) days prior to the scheduled opening date and thirty (30) days after the opening of the Franchised Business (“**Grand Opening Advertising**”). Prior to their use, all materials to be used in Grand Opening Advertising must be approved by Franchisor through the process set forth in Section 11.2 and Franchisee shall submit to Franchisor its grand opening and marketing plan prior to implementation, which Franchisor shall have the right to approve or reject. Grand Opening Advertising expenditures shall be in addition to any Local Advertising Expenditures and Brand Marketing Fund Contributions. If Franchisee fails to make Grand Opening Advertising expenditures, Franchisor will have the right to the amount it determines appropriate, in Franchisor's sole discretion, on such advertising, promotions and public relations activities on Franchisee's behalf, and Franchisee must reimburse Franchisor for such expenses upon demand. Franchisee's failure to comply with this Section 11.1 shall be deemed a material breach of this Agreement.

**11.2 Local Advertising Expenditure and Promotions.**

(a) Franchisee shall continuously promote the Franchised Business during the Term of this Agreement by spending an amount specified by Franchisor not to exceed three percent (3%) of Franchisee's weekly Gross Sales on advertising, promotions and public relations activities within the immediate locality surrounding the Franchised Business ("**Local Advertising Expenditures**"). Notwithstanding the foregoing, the Local Advertising Expenditure is currently one percent (1%) of Gross Sales for the preceding week and Franchisor shall provide Franchisee with at least thirty (30) days' notice of any increase in expenditure. Such expenditures shall be made directly by Franchisee, subject to the prior approval and direction of Franchisor. Franchisee may spend any additional sums Franchisee wish on local advertising. Franchisor will provide general guidelines to Franchisee for conducting Local Advertising Expenditures. Within ten (10) days after the end of each calendar quarter, Franchisee shall furnish to Franchisor an accurate accounting of the expenditures on Local Advertising Expenditures for the preceding calendar quarter. If Franchisee fails to make Local Advertising Expenditures as required by this Section 11.2, Franchisor will have the right to spend the required amount on such advertising, promotions and public relations activities on Franchisee's behalf, and Franchisee must reimburse Franchisor for such expenses upon demand. Franchisee's failure to comply with this Section 11.2 shall be deemed a material breach of this Agreement.

(b) Franchisee shall submit to Franchisor, for its prior approval, all advertising and promotional materials to be used by Franchisee, including, but not limited to, television ads, radio ads, ad copy, coupons, flyers, scripts and direct mail. Franchisor will use reasonable efforts to provide notice of approval or disapproval within ten (10) days from the date all requested material is received by Franchisor. If Franchisor does not approve submitted materials by the end of such ten (10) day period, such materials shall be deemed to have not received the required approval. Franchisee shall not use any marketing or promotional material prior to written approval by Franchisor, and must promptly discontinue the use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from Franchisor. The submission of advertising materials to Franchisor for approval shall not affect Franchisee's right to determine the prices at which Franchisee sells products or provides services.

(c) Franchisee must offer such rebates, giveaways and other promotions, including customer surveys and mystery shopper programs ("**Promotions**") as may be required by Franchisor at Franchisee's sole cost and expense. If Franchisor retains a third-party to provide mystery shopper programs, Franchisee shall not be required to pay more than two hundred fifty and no/100 dollars (\$250) per month for such mystery shopper programs; provided, however, this limit shall not apply any changes to the Restaurant that must be made because of the mystery shopper feedback or the value of any Promotion provided to customers. Franchisee must honor all Promotions so long as doing so does not contravene with any laws. Franchisee may not create or issue any Promotions or sell any Promotions that are not required or sponsored by Franchisor. Franchisor may not issue coupons or discounts of any type. Franchisee's participation in Promotions will be at Franchisee's sole expense.

**11.3 Brand Marketing Fund.** Franchisor will establish and administer a System-wide marketing, advertising and promotion fund to assist in Franchisor's regional and national advertising to promote the System and its Proprietary Marks ("**Brand Marketing Fund**"). Once created, which will happen no earlier than the time when there are ten (10) Restaurants, other than conversion Restaurants open and operating, Franchisee shall be required to contribute weekly to the Brand Marketing Fund in an amount specified by Franchisor not to exceed three percent (3%) of Franchisee's weekly Gross Sales ("**Brand Marketing Fund Contribution**"). Franchisor shall provide Franchisee with at least thirty (30) days' notice of any increase in contributions. Brand Marketing Fund Contributions shall be made at the time and

in the manner provided for Royalty Fees in Section 3.1. The Brand Marketing Fund may periodically furnish Franchisee with samples of advertising, marketing and promotional formats and materials at no cost, which Franchisee may duplicate at Franchisee's own cost. Multiple copies of such materials will be furnished to Franchisee at Franchisor's direct cost of producing them, plus any related shipping, handling and storage charges. The Brand Marketing Fund shall be maintained and administered by Franchisor or its designee as follows:

(a) Franchisor will oversee all marketing programs, with sole control over creative concepts, materials and media used in such programs, and the placement and allocation thereof. Franchisor does not warrant that any particular franchisee will benefit directly or pro rata from expenditures by the Brand Marketing Fund. The program(s) may be local, regional or System-wide. Franchisor does not warrant the success or effectiveness of any particular marketing program. Except as expressly provided in this Section, Franchisor does not assume direct or indirect liability or obligation to Franchisee with respect to collecting amounts due to the Brand Marketing Fund.

(b) Franchisee's Brand Marketing Fund Contributions may be used to meet the costs of, or to reimburse Franchisor for its costs of, producing, maintaining, administering and directing consumer advertising (including, without limitation, the cost of preparing and conducting television, radio, Internet, magazine, newspaper, and direct mail advertising campaigns and other public relations activities; fees paid to advertising agencies or public relations firms, or salaries paid to Franchisor's staff dedicated to consumer marketing; developing and/or hosting an Internet web page or site and similar activities; employing advertising agencies to assist therein; and providing promotional brochures and other marketing materials to franchisees). All Brand Marketing Fund Contributions shall be maintained in a separate account from the monies of Franchisor and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable administrative costs and expenses and overhead, if any, that Franchisor may incur in activities reasonably related to the administration of the Brand Marketing Fund, which may include employee salaries. Franchisor will not use Brand Marketing Fund Contributions for the direct solicitation of franchise sales; provided, however, a brief statement regarding the availability of information about the purchase of SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup>® Franchised Businesses may be included in advertising and other items produced or distributed using the Brand Marketing Fund Contributions.

(c) Franchisor will endeavor to spend all Brand Marketing Fund Contributions on marketing programs and promotions during Franchisor's fiscal year within which such contributions are made. If excess amounts remain in the Brand Marketing Fund at the end of such fiscal year, all expenditures in the following fiscal year(s) shall be made first out of such excess amounts, including any interest or other earnings of the Brand Marketing Fund, and next out of prior year contributions and then out of current contributions.

(d) Although Franchisor intends the Brand Marketing Fund to be of perpetual duration, Franchisor has the right to terminate the Brand Marketing Fund at any time. The Brand Marketing Fund shall not be terminated, however, until all Brand Marketing Fund Contributions have been expended in accordance with this Agreement or returned to Franchisee and other franchisees on a pro rata basis based on total Brand Marketing Fund Contributions made in the aggregate by each franchisee.

(e) An unaudited accounting of the expenditures of the Brand Marketing Fund shall be prepared annually and shall be available to Franchisee upon written request. Franchisor may require that the annual accounting be reviewed or audited and reported on by an independent

certified public accountant at the Brand Marketing Fund's expense. Franchisor may spend, on behalf of the Brand Marketing Fund, in any fiscal year an amount greater or less than the aggregate contribution of all SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup><sub>®</sub> Restaurant to the Brand Marketing Fund for that year, and the Brand Marketing Fund may borrow from Franchisor or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Brand Marketing Fund will be used to pay advertising costs before other assets of the Brand Marketing Fund are expended.

(f) Franchisee acknowledges that the Brand Marketing Fund is not a trust and Franchisor assumes no fiduciary duty in administering the Brand Marketing Fund.

**11.4 Cooperative Advertising.** Franchisor has the right, but not the obligation, to create a cooperative advertising program for the benefit of SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup><sub>®</sub> Restaurants located within a particular region and require payment in the same method as Franchisor requires payments of other fees hereunder. Franchisor has the right to collect and designate up to fifty percent (50%) of the minimum required Local Advertising Expenditures to payments or contributions to Franchisor for the funding of a cooperative advertising program ("**Cooperative Advertising**"). Franchisee's payments to a Cooperative Advertising Program counts toward meeting the Local Advertising Expenditure requirement. Franchisor has the right to determine the composition of all geographic territories and market areas for the implementation of each Cooperative Advertising program and to require that Franchisee participate in such Cooperative Advertising programs when established within Franchisee's region. If a Cooperative Advertising program is implemented in a particular region, Franchisor has the right to establish an advertising council to self-administer the Cooperative Advertising program. Franchisee shall participate in the council according to the council's rules and procedures and Franchisee shall abide by the council's decisions. Should Franchisor establish a Cooperative Advertising program or programs with or without an advertising council, Franchisor has the right, but not the obligation, to change, dissolve or merge such program(s) and/or council(s) at any time. If established, company-owned and Affiliate-owned Restaurants must contribute to the cooperative on the same basis as Franchised Businesses that opened in the same year, whether Franchisor will require the cooperative to operate from written governing documents or prepare annual or periodic financial statement, (which, if prepared will be available for Franchisee's review). Each Cooperative shall have the right to require its members to contribute to the Cooperative in such amounts as are determined by the Cooperative by majority vote and Franchisee's failure to make any such payments is a breach of this Agreement.

**11.5 Advisory Council.** Franchisor reserves the right to form a franchisee advisory council. Any advisory council created will act in an advisory capacity only and will not have decision-making authority. Franchisor will have the right to form, change, merge and dissolve any advisory council at any time. The membership of any advisory council may be determined in Franchisor's sole discretion and Franchisee has no right to sit on an advisory council. If Franchisee is chosen and agree to participate on an advisory council, Franchisee shall pay all costs and expenses it incurs related to its participation, including travel, lodging and meals expenses for attending council meetings.

**11.6 Promotional, Gift Card, Membership and Loyalty Programs.** Franchisee shall participate in, and comply with the requirements of, any gift card, gift certificate, customer loyalty or customer retention program that Franchisor implements for all or part of the System. Franchisee shall sign the forms and take the other action Franchisor requires for Franchisee to participate in these programs, including but not limited to, selling and offering for sale gift cards which may be redeemed at any Restaurant as well as permitting customers who purchased gift

cards online or from another Restaurant or Franchisor to redeem their gift cards for Approved Products at Franchisee's Franchised Business.

#### **11.7 Internet Advertising and Social Media Platforms.**

(a) Franchisee may not establish a presence on, or market using, the Internet in connection with the Franchised Business without Franchisor's prior written consent. Franchisor has the right to control or designate the manner of Franchisee's use of all URLs, domain names, Website addresses, metatags, links, key words, e-mail addresses and any other means of electronic identification or origin ("**e-names**").

(b) Franchisor also has the right to designate, approve, control or limit all aspects of Franchisee's use of the Internet, Intranet, World Wide Web, social media platforms and applications (including, without limitation, Facebook, MySpace, LinkedIn, Twitter, Pinterest, Yelp, Tiktok, Tumbler, SnapChat), other phone applications, wireless technology, digital cable, use of e-names, e-mail, home pages, bulletin boards, chat rooms, blogs, linking, framing, online purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software or hardware (collectively, "**e-commerce**"). Franchisee agrees to follow all of Franchisor's policies and procedures related to the use and regulation of e-commerce. Franchisor will have the right to restrict Franchisee's use of e-commerce to a centralized Website, portal or network or other form of e-commerce. Franchisor may require that Franchisee provide information to Franchisor via e-commerce. Franchisee shall be bound by any terms of use, privacy policy and copyright notice and takedown policies and the like that Franchisor establishes from time to time. Franchisor may require Franchisee, at Franchisee's expense, to coordinate its e-commerce activities with Franchisor, other SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup><sub>®</sub> Restaurant, suppliers and/or Affiliates.

(c) Franchisor may require Franchisee to participate in any Internet or intranet networks that Franchisor establishes and obtain the services of and pay the then-current fees for ISP and ASP services and the like. Franchisor has established and maintains an Internet Website at the uniform resource locators <https://slicehouse.com/> that provides information about the System and the products and services that Franchisor and its franchisees provide. Franchisor may, but is not required to, include at the SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup><sub>®</sub> Restaurant Website an interior page containing information about the Franchised Business. If Franchisor includes such information on the SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup><sub>®</sub> Restaurant Website, Franchisor has the right to require Franchisee to prepare all or a portion of the page, at Franchisee's expense, using a template that Franchisor provides. All such information shall be subject to Franchisor's approval prior to posting. Franchisor retains the sole right to advertise or use the Proprietary Marks on the Internet, including the use of Websites, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. Franchisee may be requested to provide content for Franchisor's Internet marketing and shall be required to follow Franchisor's intranet and Internet usage rules, policies and requirements. Franchisor retains the sole right to approve any linking to, or other use of, the SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup><sub>®</sub> Restaurant Website. Franchisee may not establish or participate in any SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup><sub>®</sub> Restaurant related blog or other discussion forum. Franchisee acknowledges and agrees that the domain name

<https://slicehouse.com/> and any other domain names that Franchisor develops shall be the sole and exclusive property of Franchisor or its Affiliates.

(d) Franchisee recognizes and agrees that Franchisor and its Affiliates own all rights, title and interest in and to any and all Websites and e-names that Franchisor commissions or utilizes, or requires or permits Franchisee to utilize, in connection with the System, which bear the Proprietary Marks or any derivative of the Proprietary Marks. Franchisee also recognizes and agrees that Franchisor and its Affiliates own all rights, title and interest in and to any and all data or other information collected via e-commerce related to the System or the Proprietary Marks, including any customer data, click-stream data, all “fans”, “followers”, “friends” and “contacts” associated therewith, posts, cookies, user data, hits, any other content posted thereby, and the like. Such data or other information also constitutes Franchisor’s Confidential Information.

## **SECTION 12.**

### **ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS**

**12.1 Records.** During the Term, Franchisee shall maintain full, complete and accurate books, records and accounts in accordance with the standard chart of accounts, income statement and balance sheet format prescribed by Franchisor in the Confidential Manuals or otherwise in writing. Franchisee shall retain during the Term, and for seven (7) years thereafter, all books and records related to the Franchised Business including, without limitation, employee records and files, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, bank statements, cancelled checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by Franchisor or required by law.

**12.2 Gross Sales Reports.** Franchisee shall maintain an accurate record of Gross Sales and shall deliver to Franchisor via the Internet and a signed and verified statement of Gross Sales (“**Gross Sales Report**”) for the preceding week in a form that Franchisor approves or provides in the Confidential Manuals. The Gross Sales Report for the preceding week must be provided to Franchisor by the close of business on the weekday designated by Franchisor in the Confidential Manual.

**12.3 Financial Statements.** Franchisee shall supply to Franchisor on or before the tenth (10th) day of each month, in a form approved by Franchisor, a balance sheet as of the end of the last day of the preceding month and an income statement for the preceding month and the calendar year-to-date. Franchisee shall, at its expense, submit to Franchisor within ninety (90) days after the end of each calendar year, an income statement for the calendar year just ended and a balance sheet as of the last day of the calendar year. Such financial statements shall be prepared in accordance with GAAP applied on a consistent basis. For at least two (2) years immediately following the Effective Date, Franchisee shall use Franchisor’s designated vendor for accounting services. After said two-year period, Franchisee may cease the use of Franchisor’s designated vendor, however, Franchisee must still submit the reports and financial statements required hereunder. Franchisee shall submit to Franchisor such other periodic reports in the manner and at the time specified in the Confidential Manuals or otherwise in writing. If, in Franchisor’s sole and absolute discretion, Franchisee is not using the accounting format required by the Confidential Manual, generating accurate financial statements, or submitting financial statements as required hereunder, Franchisor may require Franchisee to retain the services of Franchisor’s designated vendor after the initial two-year period.

**12.4 Other Reports.** Franchisee shall submit to Franchisor copies of all state sales tax returns and federal tax returns that are required to be filed with appropriate governmental agencies and such other records as Franchisor may reasonably request from time to time or as specified in the Confidential Manuals. Franchisor will have the right to release financial, operational and other information relating to the Franchised Business to Franchisor's Affiliates, agents, lenders or prospective lenders, and prospective franchisees for any financial performance representations which the Franchisor may include in its Franchise Disclosure Document. Franchisee shall certify as true and correct all reports to be submitted pursuant to this Agreement.

**12.5 Right to Inspect.** Franchisor or its designee has the right, during normal business hours, to examine, copy and audit the bookkeeping, accounting and invoicing records, sales and income tax records and returns, online bank accounts, online credit card accounts and any other records related to the Franchisee. If the audit or any other inspection should reveal that any payments to Franchisor have been underpaid, then Franchisee shall immediately pay to Franchisor the amount of the underpayment plus interest from the date such amount was due until paid at the rate of eighteen percent (18%) per annum (or the highest rate allowed by the law of the state where Franchisee is located, whichever is higher). If the audit or any other inspection should reveal that Franchisee has not spent the amount required by this Agreement on Local Advertising Expenditures or if the inspection discloses an underpayment of two percent (2%) or more of the amount due for any period covered by the audit, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the audit or inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have available to it under this Agreement or applicable law.

**12.6 Release of Records.** At Franchisor's request, Franchisee shall authorize and direct any third parties, including accounting and other financial firms to release to Franchisor all accounting and financial records arising from or relating to the operation of the Franchised Business including, but not limited to, records evidencing Gross Sales, profits, losses, income, tax liabilities, tax payments, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within said third parties' possession, custody or control, and to continue to release such records to Franchisor on a monthly basis for the length of the unexpired Term or until such time as Franchisor withdraws its request. Franchisee shall execute all documents necessary to facilitate the release of records referenced herein to Franchisor.

## **SECTION 13. STANDARDS OF OPERATION**

### **13.1 Authorized Products, Services and Suppliers.**

(a) Franchisee acknowledges that the reputation and goodwill of the System is based in large part on offering high quality Approved Products to its customers. Accordingly, Franchisee must serve all Approved Products that Franchisor deems appropriate to take full advantage of the potential market and achieve standardization in the System and no items which are not set forth in the Confidential Manuals or otherwise authorized and approved by Franchisor in writing will be served. Franchisee must adhere to all specifications contained in the Confidential Manuals or as otherwise prescribed by Franchisor as to ingredients, methods of preparation and service, weight and dimensions of Approved Products served, and standards of cleanliness, health and sanitation. Franchisee shall offer for sale all Approved Products, which Franchisor designates for the System, including any additional Approved Products Franchisor may now or in the future specify and any other ancillary products and services which Franchisor

prescribes. Franchisee further agrees to only sell those Approved Products, which Franchisor prescribes or otherwise authorizes. Franchisee must comply fully and on a timely basis with any changes that Franchisor implements, including the introduction or cessation of any Approved Products.

(b) Franchisor will provide Franchisee, in the Confidential Manuals or other written or electronic form, with a list of specifications and, if required, a list of Approved Suppliers for some or all of the supplies, signs, equipment and other approved or specified items and services, and Franchisor may from time to time issue revisions to such list. If Franchisor or an Affiliate is an Approved Supplier, Franchisee shall execute a standard form purchase or supply agreement for the items to be supplied by Franchisor or its Affiliate(s). If Franchisee desires to utilize any services or products that Franchisor has not approved (for services and products that require supplier approval), Franchisee shall first send Franchisor sufficient information, specifications and samples for Franchisor to determine whether the service or product complies with its standards and specifications or whether the supplier meets its Approved Supplier criteria. Franchisee shall bear all expenses incurred by Franchisor in connection with determining whether it shall approve an item, service or supplier, including, without limitation out of pocket expenses, which are due and payable upon demand by Franchisor. Franchisor will decide within a reasonable time (usually thirty (30) days) after receiving the required information whether Franchisee may purchase or lease such items or services or from such supplier. If Franchisor has not notified Franchisee within thirty (30) days that a supplier has been approved, such supplier will be deemed not to be approved. Approval of a supplier may be conditioned on the supplier's ability to provide sufficient quantity of product; quality of services or products at competitive prices; production and delivery capability; and dependability and general reputation. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier, or to require Franchisor to make available to prospective suppliers, standards and specifications that Franchisor deems confidential.

(c) Notwithstanding anything to the contrary in this Agreement, Franchisor has the right to review from time to time its approval of any items or suppliers. Franchisor may revoke its approval of any item, service or supplier at any time by notifying Franchisee and/or the supplier. Franchisee shall, at its own expense, immediately cease using, selling or providing any items or services disapproved by Franchisor and shall immediately cease purchasing from suppliers disapproved by Franchisor.

(d) Franchisor has the right to designate certain services and products, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as Franchisor determines including, but not limited to, franchisee qualifications, test marketing and regional or local differences. Franchisor has the right to give its consent to one (1) or more franchisees to provide certain services or products not authorized for general use as part of the System. Such consent will be based upon the factors set forth in Section 10.3 and shall not create any rights in Franchisee to provide the same services or products.

(e) Franchisor may, in the future, approve the formation of distribution cooperatives, which may provide for regional production of Approved Products to service Restaurants in that region as well as other services relating to production and distribution. If Franchisor authorizes the formation of any distribution cooperative or similar organization ("**Distribution Cooperative**") for Franchisor's franchisees then Franchisee shall participate and join such Distribution Cooperative, agree to be bound by the organizational, charter and other documents of the Distribution Cooperative (which documents Franchisor must approve) and pay any fees determined by the Distribution Cooperative. Franchisor does not make any express or implied

warranties with respect to any Approved Products or goods Franchisor recommends or requires for Franchisee's use.

(f) Franchisor has the right to retain volume rebates, markups and other benefits from suppliers or in connection with the furnishing of suppliers. Franchisee shall have no entitlement to or interest in any such benefits. Notwithstanding the foregoing, Franchisor may limit the number of Approved Suppliers with whom Franchisee may deal, designate sources that Franchisee must use and/or refuse any request for alternative suppliers for any reason, including that Franchisor has already designated an exclusive source (which may be Franchisor or its Affiliates) for any particular item or service if Franchisor believes doing so is in the best interest of its franchise system.

**13.2 Appearance and Condition of the Franchised Business.** Franchisee shall maintain the Franchised Business, including the interior, exterior, and surrounding areas within Franchisee's control, in the highest degree of cleanliness, orderliness and sanitation and comply with the requirements regarding the upkeep of the Franchised Business and Accepted Location established in the Confidential Manuals and by federal, state and local laws. The expense of such maintenance shall be borne by Franchisee and shall be in addition to any required System modifications, as described in Section 10.2.

**13.3 Ownership and Management.** Franchisee shall appoint an individual that owns at least fifty one percent (51%) of the equity interests of the legal entity which holds the Franchised Business and at least a fifty one percent (51%) right to the Franchised Business' profits as the operating principal, who shall (i) be responsible for the Franchised Business and all decisions; (ii) be granted the authority by Franchisee to bind it in any dealings with Franchisor and Franchisor's Affiliates; and (iii) direct any action necessary to ensure compliance with this Agreement and any other agreements relating to the Franchised Business (the "**Operating Principal**"). The name and address of the initial Operating Principal is set forth on Exhibit 1. The Franchised Business shall, at all times, be under the direct supervision of the Operating Principal or General Manager. Franchisee shall ensure that the General Manager diligently and fully exploits the rights granted in this Agreement by personally devoting full time and best efforts to the operation of the Franchised Business, including, but not limited to, the management of the day-to-day operation of the Franchised Business, but not less than thirty-five (35) hours per week, excluding vacation, sick leave and similar absences, and Franchisee and the Operating Principal shall perform its obligations under this Agreement faithfully and honestly and continue to exert its best efforts to promote and enhance the Franchised Business and the System for the full Term of this Agreement. Franchisee shall keep Franchisor informed, in writing, at all times of the identity of its General Manager and Operating Principal. All General Managers and Operating Principals must complete the required training program to Franchisor's sole satisfaction and otherwise be approved in writing thereby. Franchisee shall not engage in any business or other activities that will conflict with its obligations under this Agreement.

**13.4 Days of Operation.** Franchisee shall keep the Franchised Business open for business during the hours and days specified in the Confidential Manuals.

**13.5 Contributions and Donations.** In order to protect the Proprietary Marks, Franchisee must obtain Franchisor's prior written consent before making any contributions or donations of items, services or funds to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic or other type of organization (or to any

individual on behalf of any organization). Franchisor may withhold any such consent in its sole and absolute discretion.

**13.6 Personnel.** Franchisee shall maintain competent and conscientious personnel to operate the Franchised Business in accordance with this Agreement and the Confidential Manuals. Franchisee shall train or cause the training of all personnel as and when required by the Confidential Manuals, prudent business practices, the standards of the System or this Agreement. Franchisee must conduct all references and checks as required by the Confidential Manuals, the Systems Standards, and this Agreement. Franchisee shall have the sole authority and control over the day-to-day activities of its employees. Franchisee shall be solely responsible for recruiting, training and developing all employees, independent contractors, and any other personnel or staff as may be needed (“Personnel”). Franchisee shall be responsible for making sure all Personnel are capable of performing their duties in accordance with the standards of the System. When hiring Personnel, Franchisee shall use its best efforts to hire qualified and competent employees. Franchisee shall be solely responsible for the supervision of its employees. Franchisee shall decide the compensation to be paid to its Personnel. Franchisor will not be responsible for payment of any compensation to Franchisee or Franchisee’s Personnel. At no time will Franchisee or its employees be deemed to be employees of Franchisor or its Affiliates. Franchisee shall be responsible for income and other taxes required to be withheld and hereby assume full responsibility for payment of the employer’s portion of any social security, federal and state taxes and any other taxes required to be withheld for its Personnel. Franchisee shall also pay and/or withhold taxes and premiums for unemployment and workers’ compensation insurance for its Personnel, as required by state and/or federal law.

**13.7 Notification of Proceedings.** Franchisee shall immediately notify Franchisor in writing of the commencement of any action, suit or proceeding involving Franchisee or the Franchised Business, and of the issuance of any order, writ, injunction, judgment, award or decree which may affect the operation or financial condition of the Franchised Business. Franchisee shall immediately deliver to Franchisor, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any health or safety law, rule or regulation that reflects Franchisee’s failure to meet and maintain the highest applicable rating or Franchisee’s noncompliance or less than full compliance with any applicable law, rule or regulation.

**13.8 Compliance with Good Business Practices.**

(a) Franchisee shall secure and maintain in force all required licenses, permits, approvals and certificates relating to the operation of the Franchised Business (the “**Required Licenses**”). Franchisee shall promptly and diligently do all things necessary (including providing prompt, thorough, professional and complete responses to any local, state or federal regulatory or administrative body with oversight responsibilities for any Required Licenses) to facilitate obtaining the Required Licenses prior to the opening of its Franchised Business and maintain and renew such Required Licenses when needed. Franchisee shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations, including, without limitation, all government regulations relating to food preparation and serving, occupational hazards and health, safety, privacy, workers’ compensation insurance, unemployment insurance, workplace safety, data protection (such as credit card data protection under the Fair and Accurate Credit Transaction Act (FACTA)) and privacy laws, and withholding and payment of federal and state income taxes, social security taxes and sales taxes. Franchisor makes no representation to Franchisee with regard to any legal requirements that Franchisee must satisfy or comply with in connection with the operation of the Franchised Business. Franchisee shall be solely responsible

for investigating and complying with all such laws, ordinances and regulations with regard to the operation of the Franchised Business.

(b) Franchisee shall refrain from committing any act or pursuing any course of conduct that tends to bring the Marks or System into disrepute. Franchisee shall use best efforts to promote and increase the demand for the Approved Products of the Franchised Business. All of Franchisee's advertising and promotion shall be completely factual and shall conform to the highest standards of ethical advertising. Franchisee shall refrain from any business or advertising practice which may be injurious to the Franchised Business or the goodwill associated with the Marks and System.

(c) Franchisee acknowledges that the quality of customer service, and every detail of appearance and demeanor of Franchisee and its employees, is material to this Agreement and the relationship created and licenses granted hereby. Therefore, Franchisee shall endeavor to maintain high standards of quality and service in the operation of the Franchised Business. Franchisee shall at all times give prompt, courteous and efficient service to customers of the Franchised Business. The Franchised Business shall in all dealings with its customers, vendors and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct. If Franchisor deems that Franchisee did not fairly handle a customer complaint, Franchisor has the right to intervene and satisfy the customer. Franchisee shall reimburse Franchisor for all costs incurred by Franchisor in servicing a customer of the Franchised Business pursuant to this Section. Franchisee shall follow the System when marketing and selling the Approved Products and ancillary services. Franchisee shall not make any misrepresentations to anyone regarding the quality of the Approved Products or concerning the Franchised Business or System. Moreover, Franchisee shall not alter, modify, change or misrepresent the Approved Products in any manner whatsoever. Accordingly, Franchisee shall not disseminate any information, or represent to anyone, any information that conflicts with any of the materials Franchisor provides Franchisee to assist in the sale of the Approved Products or Franchisor approves for use by Franchisee in the marketing and selling of such Approved Products.

**13.9 Uniform and Dress Code.** Franchisee shall abide by any uniform or dress code requirements stated in the Confidential Manuals or otherwise. Franchisee shall purchase uniforms, if required, from an Approved Supplier, if such is designated, or if none, then a supplier who meets Franchisor's specifications and quality standards for uniforms.

**13.10 Vending Machines.** Franchisee shall not install or use at the Franchised Business any vending machines, amusement devices, jukeboxes, video machines or other similar devices without first securing Franchisor's written approval.

**13.11 Music and Other Audio and Visual Entertainment.** Franchisee acknowledges and agrees that the provision of music and audio and visual entertainment is, or may become, an integral part of the System. Accordingly, Franchisee agrees to play only the types of music and display only the types of visual entertainment, at the decibel levels and using such equipment and in the manners that Franchisor may periodically prescribe or approve. Franchisee must acquire or install any audio or visual equipment that Franchisor designates or requires for use by the Franchised Business and Franchisee must subscribe to music and video services as Franchisor may periodically specify, to enable Franchisee to broadcast videos, music, and other content as specified by Franchisor from time to time. Franchisor may prohibit Franchisee from displaying, exhibiting, broadcasting or providing any media Franchisor chooses, regardless of content, including prohibiting use of political, religious or social content in such media.

**13.12 Credit Cards.** If a credit card processing program is required by Franchisor, Franchisee must, at its expense, apply for and maintain credit card, debit card or other non-cash payment systems that Franchisor periodically requires. Franchisor may require Franchisee to maintain support service contracts and/or maintenance service contracts as well as implement and periodically make upgrades and changes to the credit card, debit card and other non-cash payment systems. Franchisor reserves the right to designate the vendor(s) for such support service contracts and maintenance service contracts.

**13.13 Customer Data and Data Security.** Any information on customers of Franchisee's Franchised Business that identifies or can be used to identify, contact, locate, or be traced back to the specific person to whom such information pertains, or from which identification or contact information of an individual person can be derived, including but not limited to, personally identifiable information ("**Customer Data**") and all information, mailing lists and databases of Customer Data from whatever source derived, industry standards must be used only in connection with Franchisee's Franchised Business in accordance with this Agreement. Franchisee shall comply with all applicable laws, regulations and with respect to Customer Data; in addition, Franchisee shall comply with all data privacy and security requirements Franchisor may establish from time to time and to exert Franchisee's best efforts to prevent the unauthorized use, dissemination or publication of Customer Data, subject in all instances to applicable laws. It is Franchisee's responsibility to determine the data privacy laws applicable to Franchisee and Franchisee's Franchised Business. Franchisor expressly disclaims knowledge of the data privacy laws applicable to Franchisee. Franchisee shall promptly notify Franchisor if Franchisee becomes aware of or suspect any unauthorized access to the Customer Data, or if Franchisee becomes the subject of any governmental, regulatory or other enforcement or private proceeding relating to Franchisee's data handling practices. Franchisee shall promptly carry out any request from Franchisor with respect to Customer Data that is reasonably necessary to allow Franchisor to comply with data privacy laws applicable to Franchisor regarding processing, storage, handling, collection, use, transfer and transmission of Customer Data.

**13.14 PCI Compliance.** It is Franchisee's responsibility to maintain and report Franchisee's PCI compliance, which encompasses operational policies and practices as well as networks and POS Systems hardware/software used to process credit card transactions, as well as attesting that Franchisee is abiding by (i) the PCI Data Security Standards enacted by the applicable card associations (as they may be modified from time to time or as successor standards are adopted); (ii) EMV Chip Card and terminal requirements as outlined by the payment card industry; and (iii) all other security standards and guidelines that may be published from time to time by payment card companies and/or enacted by law, and are applicable to customer credit card and debit card information. If Franchisee knows or suspects a security breach, Franchisee must immediately notify Franchisee's credit card transaction acquirer, insurance carrier and Franchisor. Franchisee assume all responsibility for providing notice of breach or compromise, along with duties and costs associated with fraudulent transactions, penalties, and ongoing fees for monitoring customer credit card histories and/or transactions for affected customers of Franchisee's Restaurant.

**13.15 E-Mail.** Franchisee shall, at all times and at Franchisee's expense, maintain an e-mail address and account for communicating with Franchisor. Franchisee may change its e-mail address by giving written notice of such change of address to Franchisor.

**13.16 Computer System; Software License.**

(a) Franchisee shall purchase from a source approved by Franchisor, and use and maintain, all at Franchisee's sole expense, the Point-of-Sale System ("POS System") Franchisor designates, which is currently Toast. Franchisee shall use the POS System to collect all of the sales, inventory, and financial data of the Restaurant, which will provide Franchisor independent access to the information collected through the POS System and Computer System. Franchisee shall also acquire, license and use a financial reporting software and other various software, including a phone AI program and mobile application service (collectively, the "Software") and general purpose computer, all designated or approved by Franchisor from time to time and as outlined in the Confidential Manuals (the "Hardware", and collectively, with the POS System and Software, referred to as the "Computer System"). Franchisee shall (i) obtain the Computer System from Franchisor or Franchisor's approved vendors for use in operating the Franchised Business; and (ii) comply with any requirements imposed by the approved vendors of the Computer System. Franchisor reserves the right to modify and add to the Computer System from time to time, and Franchisee shall be obligated to adopt such modifications and additions and incorporate them within its computer system within thirty (30) days after its receipt of a notice of such modifications or additions from Franchisor.

(b) Franchisee's Computer System also shall include a high-speed modem (DSL or cable, if available) allowing direct access and communication between Franchisor's (or Franchisor's designated vendor) and Franchisee's Computer System, all of which shall be designated and approved by Franchisor. Franchisee shall use the Computer System solely for the purposes set forth in this Section and that it shall own or lease the Computer System on its own and not share same with any third party. If Franchisee proposes to use a telephone modem or other computer hardware which is not then approved by Franchisor as meeting its standards and specifications, Franchisee shall first notify Franchisor and shall upon request by Franchisor submit samples and such other information as Franchisor requires for examination and/or testing to determine whether such telephone modem or other computer hardware meets Franchisor's standards and specifications. Franchisee shall pay Franchisor promptly on demand or prior to any actual testing for all costs and expenses incurred by Franchisor in testing any telephone modems and other computer hardware submitted by Franchisee, regardless of whether or not the telephone modems or other computer hardware submitted is approved. Franchisee is solely responsible for the operation and maintenance of the Computer System.

(c) Franchisor may develop Software and require Franchisee to use it. If Franchisor does so: (a) Franchisor may charge license fees for Franchisee's use of it and/or an initial one-time licensing fee; and; (b) Franchisee must sign the standard Software license used for Franchisees at that time. Franchisor may require Franchisee to collect and maintain on the Computer System certain information to satisfy regulatory and processing requirements, and Franchisee will provide such information as Franchisor may request from the data so collected and maintained. Franchisor's modifications and specifications for components, equipment, services and operating or communications of the Computer System may require Franchisee to incur costs to purchase, lease or license new or modified Software or computer or communications hardware, equipment, components or software and to obtain service and support for the Computer System during the Term. Franchisee shall incur such costs in connection with obtaining the computer hardware and Software comprising the Computer System (or additions or modifications), operating it and ensuring that it is compatible with, and capable of participation in and performing the functions Franchisor designates for the SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup> Restaurant and engaging in any form of e-commerce Franchisor designates or approves, as long as the Computer System Franchisor specifies for use is the same Computer System that Franchisor or its affiliates then currently use in SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup> Restaurant that Franchisor or they own and operate. Within sixty (60) days

after Franchisee receives notice from Franchisor, Franchisee must obtain the components of the Computer System or other technology initiatives that Franchisor designates and requires. The Computer System must be capable of connecting with Franchisor's Computer System, performing the functions its designates for Franchised Businesses, permitting Franchisor to independently review the results of Franchisee's Franchised Business' operations, and engaging in any e-commerce activities that Franchisor designates or approves. Franchisor also has the right to charge Franchisee a reasonable systems fee for modifications of and enhancements made to any proprietary software that it licenses to Franchisee and other maintenance and support services that Franchisor or its affiliates furnish to Franchisee related to the Computer System. Franchisee agrees that Franchisor may communicate with Franchisee by whatever means Franchisor designates from time to time including specifically by e-mail. Franchisee shall sign whatever documents and forms Franchisor may require in order to do so. Franchisor also will require any of Franchisee's employees to sign such forms it designates to enable it to communicate with them by e-mail.

**13.17 Best Efforts.** Franchisee shall use its best efforts to promote and increase the sales and recognition of services offered through the Franchised Business. Franchisee shall require all of Franchisee's employees, managers, officers, agents and representatives to make a good faith effort to enhance and improve the System and the sales of all services and products provided as part of the System.

**13.18 Pricing.** Franchisor reserves the right, at any time and from time to time, to establish maximum, minimum, or other pricing requirements on prices that Franchisee may charge for Approved Products to the fullest extent allowed by applicable law, which may include regional, special venue or demographic variations.

## **SECTION 14.**

### **FRANCHISOR'S ADDITIONAL OPERATIONS ASSISTANCE**

**14.1 General Advice and Guidance.** As Franchisor deems appropriate and necessary, Franchisor will be available to render advice, discuss problems and offer general guidance to Franchisee by telephone, e-mail, facsimile, newsletters and other methods with respect to planning, opening and operating the Franchised Business. Franchisor will not charge for this service, however, Franchisor retains the right to refuse or charge a fee for this service should Franchisee be deemed by Franchisor to be utilizing this service too frequently or in an unintended manner. Franchisor's advice or guidance to Franchisee relative to prices for Approved Products that, in Franchisor's judgment, constitutes good business practice is based upon the experience of Franchisor and its franchisees in operating SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup>® Restaurants and an analysis of costs and prices charged for competitive services and products.

**14.2 Periodic Visits.** Franchisor or Franchisor's representative may make periodic visits, which may be announced or unannounced, to the Franchised Business for the purposes of consultation, assistance and guidance with respect to various aspects of the operation and management of the Franchised Business. Franchisor and Franchisor's representatives who visit the Franchised Business may prepare, for the benefit of both Franchisor and Franchisee, written reports detailing any problems or concerns discovered during any such visit and outlining any required or suggested changes or improvements in the operations of the Franchised Business. A copy of any such written report may be provided to Franchisee. Franchisee shall implement any

required changes or improvements as required by Franchisor in accordance with the Confidential Manuals.

## **SECTION 15. INSURANCE**

### **15.1 Types and Amounts of Coverage.**

(a) At its sole expense, Franchisee shall procure ~~within, prior to attending Initial Training, and no later than~~ sixty (60) days of the Effective Date, and maintain in full force and effect during the Term, the types of insurance listed below. All policies (except any workers' compensation insurance) shall (a) expressly name Franchisor as an additional insured or loss payee; (b) contain a waiver of all subrogation rights against Franchisor and its successors and assigns; (c) provide that the insurance company shall provide Franchisor with at least thirty (30) days' prior written notice of termination, expiration, cancellation, or material modification of any policy; (d) provide that Franchisee cannot reduce the policy limits, restrict coverage, cancel or otherwise alter or amend policies without Franchisor's prior written consent; and (e) be primary coverage without the right of contribution from any of Franchisor's insurance. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee shall procure:

- (1) "all risk" property insurance coverage on all assets including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of the Franchised Business. Franchisee's property insurance policy shall include coverage for fire, vandalism and malicious mischief and must have coverage limits of at least full replacement cost;
- (2) workers' compensation insurance that complies with the statutory requirements of the state in which the Franchised Business is located;
- (3) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage (including medical coverage) caused by, or occurring in conjunction with, the operation of the Franchised Business, or Franchisee's conduct of business pursuant to this Agreement, with a minimum liability coverage of ~~\$1,000,000~~ \$2,000,000 per occurrence and \$2,000,000 in the aggregate or, if higher, the statutory minimum limit required by state law;
- (4) business interruption insurance coverage with a minimum liability coverage of \$1,800,000;
- (5) liquor liability insurance coverage with a minimum liability coverage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate or, if higher, the statutory minimum limit required by state law;
- (6) automobile liability insurance coverage for owned and non-owned vehicles with a minimum liability coverage of \$1,000,000;

- (7) product liability insurance coverage covering any and all damages to any person as a result of ingesting the products sold at the Restaurant with a minimum liability coverage of \$2,000,000;
- ~~(8) professional liability insurance with a minimum liability coverage of \$1,000,000;~~
- (8) ~~(9)~~ employment practices insurance with a minimum liability coverage of \$1,000,000;
- (9) ~~(10)~~ cyber liability insurance with a minimum liability coverage of \$1,000,000; and
- (10) ~~(11)~~ such other insurance as required by the Confidential Manuals.

**15.2 Future Increases.** Franchisor has the right to reasonably increase the minimum liability protection requirement annually and require different or additional insurance coverage(s) to reflect inflation, changes in standards of liability, future damage awards or other relevant changes in circumstances. The cost of the insurance policies will vary depending on the insurance carrier charges, terms of payment and Franchisee's history.

### **15.3 Standards for Insurance.**

(a) The standards and specifications for insurance coverage as set forth in the Confidential Manuals are intended as "minimum" standards and Franchisee must review Franchisee's insurance coverage and policies, and Franchisee should consult with Franchisee's insurance agents, brokers, attorneys or other insurance advisors, to determine if additional coverage is necessary, desired or appropriate for Franchisee's Franchised Business in addition to the coverage and limits required by Franchisor. Franchisor does not represent or warrant that any insurance that Franchisee is required to purchase, or which Franchisor procures on Franchisee's behalf, will provide adequate coverage for Franchisee. The requirements of insurance specified in this Agreement and in the Confidential Manuals are for Franchisor's protection. If Franchisee believes that Franchisee should not be required to carry an identified type of insurance or otherwise comply with Franchisor's minimum insurance requirements, Franchisee must submit a written waiver request and obtain a waiver from Franchisor. Until such time as Franchisor notifies Franchisee in writing of its approval, Franchisee is obligated to comply with all minimum insurance requirements.

(b) Additional insured status shall include, without limitation, coverage for ongoing and completed operations. The additional insured endorsement form shall be ISO CG 20-26 or any other form approved in writing by Franchisor that provides comparable coverage. Additional insured coverage shall not be limited to vicarious liability and shall extend to (and there shall be no endorsement limiting coverage for) the negligent acts, errors or omissions of Franchisor or other additional insureds. Franchisee shall maintain such additional insured status for Franchisor on Franchisee's general liability policies continuously during the Term.

**15.4 Carrier Standards.** Such policies shall be written by an insurance company licensed in the state in which Franchisee operates and having at least an "A" Rating Classification as indicated in the latest issue of A.M. Best's Key Rating Guide. Although A.M. Best groups "A" and "A-" in the same classification, Franchisor demands an "A" rating.

**15.5 Evidence of Coverage.** Franchisee's obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in Section 21.3. Within five (5) days after the policy is issued, Franchisee shall provide the declarations page for each of the required coverages, all additional insured endorsements and evidence of premium payment. Certificates of insurance alone are not acceptable. Such certificates shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days' prior written notice to Franchisor and shall reflect proof of payment of premiums. Franchisor's review and verification of certain elements of Franchisee's insurance does not in any way reduce or eliminate Franchisee's obligations to fully comply with all of the insurance requirements set forth in this Agreement and/or in the Confidential Manuals. It is Franchisee's sole obligation to fully comply with these insurance requirements and it is Franchisee's sole obligation to confirm with Franchisee's insurance providers that Franchisee's policies are in compliance. Franchisor may require Franchisee to provide proof of insurance to Franchisor on an annual basis on a date specified by Franchisor.

**15.6 Failure to Maintain Coverage.** Should Franchisee not procure and maintain insurance coverage as required by this Agreement, Franchisor has the right (but not the obligation) to immediately procure such insurance coverage and to charge the premiums to Franchisee, which charges, together with reimbursement for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

## **SECTION 16. DEFAULT AND TERMINATION**

**16.1 Termination by Franchisee.** If Franchisee is in full compliance with all of the terms of this Agreement and Franchisor materially breaches this Agreement and fails to commence reasonable efforts in good faith to cure such breach within ninety (90) days after receiving written notice identifying the claimed breach, Franchisee may elect to terminate this Agreement unless the breach cannot reasonably be cured within such ninety (90) days; and in that case, if the breach cannot reasonably be cured in such ninety (90) days, Franchisee may elect to terminate this Agreement only if Franchisor does not promptly undertake and continue efforts to cure such material breach within a reasonable period of time and furnish Franchisee reasonable proof of such efforts.

### **16.2 Termination by Franchisor.**

(a) As allowed under applicable law, Franchisor has the right to terminate this Agreement and itself or its Affiliates operate Franchisee's SLICE HOUSE BY TONY GEMIGNANI<sup>TM®</sup> Restaurant, without any opportunity to cure by Franchisee, if Franchisee:

- (1) as allowed under applicable law, becomes insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Franchisee or such a petition is filed against and not opposed by Franchisee; are adjudicated bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against

Franchisee; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); if Franchisee is dissolved; if execution is levied against Franchisee's Franchised Business or property; if suit to foreclose any lien or mortgage against the premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days; or if the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable;

- (2) has any judgment or judgments aggregating in excess of ten thousand and no/100 dollars (\$10,000) levied against Franchisee or any lien in excess of ten thousand and no/100 dollars (\$10,000) against Franchisee's property which remains unsatisfied or unbonded of record in excess of thirty (30) days;
- (3) fails to timely acquire or rent the Accepted Location for or establish, equip and commence operations of the Franchised Business pursuant to Section 5;
- (4) fails to satisfactorily complete any training program pursuant to Section 8;
- (5) fails to obtain and/or keep current any Required Licenses;
- (6) made any material misrepresentation or omission in its application for the Franchise or otherwise to Franchisor in the course of entering into this Agreement;
- (7) is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisor, Franchisee, the Franchised Business or other SLICE HOUSE BY TONY GEMIGNANI~~TM~~<sup>®</sup> Restaurant or the System;
- (8) fails to refrain from activities, behavior or conduct likely to adversely affect the reputation of Franchisor, Franchisee, the Franchised Business or other SLICE HOUSE BY TONY GEMIGNANI~~TM~~<sup>®</sup> Restaurant or the System;
- (9) discloses, duplicates or otherwise uses in an unauthorized manner any portion of the Confidential Manuals, Trade Secrets or any other Confidential Information;
- (10) if required by Franchisor, fails to have any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff and all employees of Franchisee, execute a nondisclosure and non-competition agreement, upon execution of this Agreement or prior to each such person's affiliation with Franchisee or fails to provide Franchisor with copies of all nondisclosure and non-competition agreements, if requested by Franchisor;

- (11) except with the consent of Franchisor, abandons, fails or refuses to actively operate the Franchised Business for five (5) or more consecutive days (unless the Franchised Business has not been operational for a purpose approved by Franchisor);
- (12) fails to promptly relocate the Franchised Business following the expiration or termination of the Lease for the Accepted Location, the destruction or condemnation of the Accepted Location or any other event rendering the Accepted Location unusable after obtaining Franchisor's approval or otherwise loses the right to operate the Restaurant at the Accepted Location;
- (13) surrenders or transfers control of the operation of the Franchised Business in violation of this Agreement, makes or attempts to make an unauthorized direct or indirect assignment of the Franchised Business or an ownership interest in Franchisee, or fails or refuses to assign the Franchise or the interest in Franchisee of a deceased or incapacitated owner thereof as herein required;
- (14) fails to maintain the Franchised Business under the primary supervision of a General Manager during the five (5) days following the death or Incapacity of Franchisee, Operating Principal or any holder of a Controlling Interest in Franchisee pursuant to Section 18;
- (15) knowingly sells food or beverage products other than those designated by Franchisor or which fail to conform to System specifications for those Approved Products, or which are not prepared in accordance with the methods or recipes prescribed by Franchisor, or fail to sell all Approved Products designated by Franchisor;
- (16) submits to Franchisor on two (2) or more separate occasions at any time during the term of the Franchise any reports or other data, information or supporting records that understate any Royalty Fee, Brand Marketing Fund Contribution or any other fees owed to Franchisor by more than two percent (2%) for any accounting period and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error;
- (17) is adjudicated as bankrupt, becomes insolvent, commits any affirmative act of insolvency, or files any action or petition of insolvency; if a receiver of its property or any part thereof is appointed by a court; if it makes a general assignment for the benefit of its creditors; if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless supersedeas bond is filed); if execution is levied against Franchisee's business or property; if a suit to foreclose any lien or mortgage against its Accepted Location or equipment is instituted against Franchisee and not dismissed within thirty (30) days or is not in the process of being dismissed;

- (18) misuses or makes an unauthorized use of any of the Proprietary Marks or commits any other act which can reasonably be expected to impair the goodwill associated with any of the Proprietary Marks;
- (19) fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit reports or other information or supporting records when due, to pay any Royalty Fee, Brand Marketing Fund Contribution, Technology Access Fee, Local Advertising Expenditures, amounts due for purchases from Franchisor and any Affiliate, or other payment when due to Franchisor or any Affiliate, whether or not such failures to comply are corrected after notice thereof is delivered to Franchisee;
- (20) violates any health or safety law, ordinance or regulation, or operates the Franchised Business in a manner that presents a health or safety hazard to its customers, employees or the public;
- (21) engages in any activity exclusively reserved to Franchisor;
- (22) fails to comply with any applicable law or regulation within ten (10) days after being given notice of noncompliance;
- (23) whether or not previous breaches or failures are cured, (i) defaults, on two (2) or more separate occasions within any period of twelve (12) consecutive months, in any obligation(s) (whether the same or different), whether or not such defaults are timely corrected, to Franchisor, any of its Affiliates, a Distribution Cooperative or any suppliers, vendors, brokers, landlords, or other third parties; (ii) commit any default, or violate any material obligation to Franchisor, any of its Affiliates, or a Distribution Cooperative, which is incurable whether under this Agreement, the Confidential Manuals, any other agreement with Franchisor, any of its Affiliates, a Distribution Cooperative or any of Franchisee's suppliers, vendors, brokers, landlords, or other third parties, or otherwise; or (iii) commit any material default, or violate any material obligation to any of Franchisee's suppliers, vendors, brokers, landlords, or other third parties which remains uncured after any applicable cure period;
- (24) defaults under any franchise agreement or any other agreement between Franchisor (or any Affiliate) and Franchisee, such that Franchisor or its Affiliate(s), as the case may be, has the right to terminate such agreement (regardless of whether such agreement is, in fact, terminated) or such agreement automatically terminates; or
- (25) breaches the lease agreement for the premises of the Franchised Business and/or loses the right to possession and occupancy of the premises; and/or (b) loses the right to transact business in the jurisdiction where the Franchised Business is located.

(b) Except as otherwise provided in Section 16.2(a), Franchisor has the right to terminate this Agreement for the following breaches and defaults by giving notice of such

termination stating the nature of the default; provided, however, that Franchisee may avoid termination by curing such default or failure (or by providing proof acceptable to Franchisor that Franchisee has made all reasonable efforts to cure such default or failure and shall continue to make all reasonable efforts to cure until a cure is effected if such default or failure cannot reasonably be cured before the effective date of the termination) within the specified period:

- (1) within twenty-four (24) hours of notice of Franchisee's sale of food or beverage products or use of ingredients which fails to conform to the System or which are not prepared in accordance with the methods or recipes prescribed by Franchisor;
- (2) Within five (5) days of receiving notice of Franchisee's failure to pay any amounts due to Franchisor or failure to timely submit any required reports or financial statements;
- (3) within five (5) business days after written notice, interfere with Franchisor's ability to access information on the POS Software or if Franchisee closes or interferes with Franchisor's ability to access the account used to electronically transfer Royalty Fees, Brand Marketing Fund Contributions and other payments;
- (4) within ten (10) days of receiving notice of Franchisee's failure to maintain insurance as specified in Section 15 of this Agreement; or
- (5) within thirty (30) days of receiving notice of any other default by Franchisee or upon Franchisee's failure to comply with any mandatory specification, standard or operating procedure prescribed in the Confidential Manuals or otherwise prescribed in writing.

**16.3 Reinstatement and Extension.** If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or non-renewal other than in accordance with applicable law, Franchisor may reinstate or extend the Term for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

**16.4 Right of Franchisor to Discontinue Services to Franchisee.** If Franchisee is in breach of any obligation under this Agreement, and Franchisor delivers to Franchisee a notice of termination pursuant to this Section 16, Franchisor has the right to suspend its performance of any of its obligations under this Agreement including, without limitation, the sale or supply of any services or products for which Franchisor is an Approved Supplier to Franchisee, until such time as Franchisee corrects the breach.

**16.5 Right of Franchisor to Operate Franchised Business.** Following the delivery of a notice of termination pursuant to this Section 16, if necessary in Franchisor's discretion, Franchisor will have the right, but not the obligation, to assume the operation of the Franchised Business until Franchisee corrects the breach. Franchisee shall pay Franchisor a Management Fee equal to ten percent (10%) of Gross Sales plus reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business.

**SECTION 17.**  
**RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION**

**17.1    Actions to be Taken**

(a) Except as otherwise provided herein, upon termination or expiration of this Agreement, this Agreement and all rights granted hereunder to Franchisee shall terminate and Franchisee shall:

- (1) immediately cease to operate the Franchised Business, selling its products, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor;
- (2) cease to use the Websites, Trade Secrets, Confidential Information, the System and the Proprietary Marks including, without limitation, all signs, slogans, symbols, logos, advertising materials, stationery, forms and any other items which display or are associated with the Proprietary Marks;
- (3) upon demand by Franchisor, immediately assign (or, if an assignment is prohibited, sublease for the full remaining term, and on the same terms and conditions as Franchisee's lease) its interest in the lease then in effect for the Accepted Location to Franchisor and Franchisee shall immediately furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation, and Franchisor has the right to pay rent and other expenses directly to the party to whom such payment is ultimately due;
- (4) take such action as may be necessary to cancel or assign to Franchisor, at Franchisor's option, any assumed name or equivalent registration filed with state, city or county authorities which contains the name "SLICE HOUSE BY TONY GEMIGNANI~~TM~~<sup>®</sup> RESTAURANT" or any other Proprietary Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement;
- (5) pay all sums owing to Franchisor and any Affiliate. In the event of termination for any default of Franchisee, such sums shall include, but not be limited to, all damages, costs and expenses, including reasonable attorneys' fees with respect to litigation, arbitration, appellate or bankruptcy proceedings, unpaid Royalty Fees, unpaid Brand Marketing Fund Contributions and any other amounts due to Franchisor or any Affiliate;
- (6) pay to Franchisor all costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement;
- (7) pay to Franchisor liquidated damages on or before thirty (30) days following the termination. The amount of liquidated damages will be

equal to the Royalty Fees and Brand Marketing Fund Contributions that Franchisor would have received for six (6) months based on Franchisee's annual Gross Sales during the best performing six (6) months over the Term of this Agreement. If Franchisee's SLICE HOUSE BY TONY GEMIGNANI<sup>TM®</sup> Restaurant has not been open for one (1) year immediately preceding termination, the liquidated damages will be calculated by taking the number that is the monthly average of Royalty Fees and Brand Marketing Fund Contribution payable to Franchisor from the date Franchisee's SLICE HOUSE BY TONY GEMIGNANI<sup>TM®</sup> Restaurant was opened through the date of termination and multiplying it by six (6). If the time remaining in this Franchise Agreement is less than six (6) months, the monthly average as calculated above will be multiplied by the number of months or portion thereof remaining in the Term of the Franchise Agreement;

- (8) immediately return to Franchisor the Confidential Manuals, Trade Secrets and all other Confidential Information including records, files, instructions, brochures, agreements, disclosure statements and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Franchised Business (all of which are acknowledged to be Franchisor's property);
- (9) assign all telephone listings and numbers for the Franchised Business to Franchisor and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone numbers or facsimile numbers associated with the Proprietary Marks in any regular, classified or other telephone directory listing and shall authorize transfer of same to or at the direction of Franchisor;
- (10) comply with the post-termination covenants set forth herein, all of which will survive the transfer, termination or expiration of this Agreement and cease any and all contact with customers, suppliers, vendors, employees or Franchisor's agents without Franchisor's prior written consent; and
- (11) comply with all other applicable provisions of this Agreement.

## **17.2 Post-Termination Covenant Not to Compete**

(a) Franchisee acknowledges that the restrictive covenants contained in this Section 17 and in Section 7 are fair and reasonable and are justifiably required for purposes including, but not limited to, the following:

- (1) to protect the Trade Secrets and other Confidential Information of Franchisor;
- (2) to induce Franchisor to grant a Franchised Business to Franchisee; and
- (3) to protect Franchisor against its costs in training Franchisee and its Operating Principal, officers, directors, executives, professional staff and General Managers.

(b) Except as otherwise approved in writing by Franchisor, neither Franchisee, nor any holder of a legal or beneficial interest in Franchisee (or any member of their immediate families or households), nor any officer, director, executive, or manager, shall, for a period of two (2) years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity:

- (1) own an interest in, manage, operate or provide services to any Competitive Business located or operating (a) within a twenty-five (25) mile radius of the Accepted Location, or (b) within a twenty-five (25) mile radius of the Protected Area or any other SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup><sub>®</sub> Restaurant in existence at the time of termination or expiration; or
- (2) solicit or otherwise attempt to induce or influence any customer or other business associate of Franchisor or any SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup><sub>®</sub> Restaurant franchisee to terminate or modify his, her or its business relationship with, or to compete against, Franchisor or such other SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup><sub>®</sub> Restaurant franchisee.

(c) The time period during which Franchisee is to refrain from the activities described in this Section, will be extended by any length of time during which Franchisee is in breach of the relevant provisions of this Section 17.

(d) In furtherance of this Section, Franchisor has the right to require certain individuals to execute standard form nondisclosure or non-competition agreements Franchisor's standard form of which is attached as an exhibit to the Franchise Disclosure Document.

**17.3 Unfair Competition.** If Franchisee operates any other business, Franchisee shall not use any reproduction, counterfeit, copy or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake or deception, or that is likely to dilute Franchisor's rights in the Proprietary Marks. Franchisee shall not utilize any designation of origin, description or representation that falsely suggests or represents an association or connection with Franchisor. This Section is not intended as an approval of Franchisee's right to operate other businesses and in no way is it intended to contradict Sections 7 or 17. If Franchisor elects not to receive an assignment or sublease of the Accepted Location, Franchisee shall make such modifications or alterations to the Accepted Location (including changing telephone numbers) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between Franchisor or the System and any business subsequently operated by Franchisee or others at the Accepted Location. Franchisee shall make such specific additional changes to the Accepted Location as Franchisor may reasonably request for that purpose including, without limitation, removal of all physical and structural features identifying or distinctive to the System. If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor has the right to enter upon the Accepted Location for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee shall pay upon demand.

#### **17.4 Franchisor's Option to Purchase Certain Business Assets.**

(a) Franchisor has the right (but not the obligation), not earlier than ninety (90) days prior to, but in no event later than thirty (30) days after, termination or expiration of this Agreement for any reason, to purchase any or all assets of the Franchised Business including, but not limited to, leasehold improvements, equipment, supplies and other inventory from Franchisee (the “**Business Assets**”). The term Business Assets shall not include any goodwill of Franchisee’s business, the value of any sublease or lease under which Franchisee leases the Franchised Business, or any Business Assets, which Franchisor, in its sole opinion, deems to be unusable or obsolete. The real property or improvements thereon (the “**Real Estate**”) comprising the Franchised Business shall be included in the Business Assets only if the Real Estate is owned by Franchisee or any of its Affiliates at the time of the date this Agreement terminates. The closing of any such purchase shall take place at a time and location to be selected by Franchisor; provided, however, that such closing shall not occur any later than ninety (90) days after Franchisor gives the notice to Franchisee that it elects to purchase the Business Assets. If for any reason, the closing is delayed beyond the termination date, Franchisee shall, if so specifically required by Franchisor, continue to operate the Franchised Business until such closing occurs, and in such event, this Agreement shall continue in effect until such closing occurs. At such closing, Franchisee or its Affiliates shall convey all Business Assets which Franchisor elects to purchase with all warranties of good and marketable title, free and clear of all liens and encumbrances, except those of which Franchisor notifies Franchisee or its Affiliates in writing prior to closing that Franchisor is willing to assume. Franchisee and its Affiliates shall execute all documents required by Franchisor, in such form as is approved by Franchisor, in order to consummate such transaction.

(b) The gross purchase price for the Business Assets shall be equal to the sum of (i) the average fair market value as determined by three (3) qualified independent appraisers, one selected by Franchisor, the second selected by Franchisee and the third selected by the two appraisers (net of all liens and/or encumbrances which the Business Assets shall be conveyed subject to), of the Real Estate included in the Business Assets, if any, plus (ii) the lesser of Franchisee’s or its Affiliates’ depreciated cost or fair market value of all of the personal property included in the Business Assets (with fair market value of personal property determined in the same manner as (i) above). For purposes of the determination by such appraisers of the fair market value of the Real Estate included in the Business Assets, such fair market value shall be the amount of cash which would be realized by Franchisee’s Affiliate(s) if such Real Estate was sold by a willing seller to a willing buyer to be used as a Franchised Business as contemplated in this Agreement and for no other purpose. Any determination of the fair market value of the Business Assets shall not include any business goodwill factor.

(c) If Franchisor notifies Franchisee or its Affiliates of Franchisor’s intent to exercise the purchase option set forth the above in this Section upon the termination date, then Franchisor will have the right, but not the obligation, to manage the Franchised Business for the period commencing with the termination date until the transaction contemplated in this Section has been consummated. Franchisor will be entitled to a management fee equal to ten percent (10%) of Gross Sales for the period during which Franchisor operates the Franchised Business, plus reimbursement of Franchisor’s out-of-pocket expenses. The parties intend that claims resulting from Franchisor’s management of the Franchised Business shall be subject to indemnification by Franchisee.

(d) Franchisor will have the right to deduct from the gross purchase price the sum of the following: (i) any sums owing, at the time of the closing, from Franchisee and any of its Affiliates to Franchisor and any of its Affiliates under or in connection with this Agreement or any other agreements to which Franchisor or any of its Affiliates and Franchisee or any of its

Affiliates are parties, (ii) any sums expended by Franchisor to cure any defaults by Franchisee and any of its Affiliates, as applicable, under any deeds to secure debt, mortgages, deeds of trust or other liens or encumbrances affecting the Business Assets, (iii) all reasonable expenses of Franchisor incurred in negotiating and effecting the purchase of any of the Business Assets (including all attorneys' fees and other expenses; and (iv) any management fees to which Franchisor is entitled pursuant to this Section.

(e) In lieu of exercising the other rights granted to Franchisor pursuant to this Section, Franchisor will have the right to: (i) to assume the existing Lease for the Franchised Business for the remaining term thereof, upon the terms and conditions contained therein and previously approved by Franchisor; and (ii) to assume such lease for the remaining term thereof which, if less than five (5) years, shall at Franchisor's option be modified to be five (5) years or such other term as lessor and Franchisor may agree to. Franchisee shall cause the lessor under the lease for the premises to execute such documents and to take such other and further action as Franchisor may reasonably require to implement the provisions of this Section.

**17.5 Survival of Certain Provisions.** All obligations of Franchisor and Franchisee, which expressly or by their nature survive the expiration or termination of this Agreement, shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement, until such performance is satisfied in full or the obligation, by its nature, expires.

## **SECTION 18. TRANSFERABILITY OF INTEREST**

**18.1 Transfer by Franchisor.** This Agreement and all rights and duties hereunder are fully transferable in whole or in part by Franchisor and such rights will inure to the benefit of any person or entity to whom transferred; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the obligations of Franchisor hereunder and Franchisor will thereafter have no liability for the performance of any obligations contained in this Agreement.

### **18.2 Transfer by Franchisee to a Third Party**

(a) The rights and duties of Franchisee as set forth in this Agreement, and the Franchise herein granted, are personal to Franchisee (or its owners), and Franchisor has entered into this Agreement in reliance upon Franchisee's personal or collective skill and financial ability. Accordingly, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee may sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any legal or beneficial interest in this Agreement, the Franchise granted hereby, the Accepted Location used in operating the Franchised Business, its assets or any part or all of the ownership interest in Franchisee without the prior written approval of Franchisor. Any purported transfer without such approval shall be null and void and shall constitute a material breach of this Agreement. If Franchisee is in compliance with this Agreement, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

- (1) Franchisee has complied with the requirements set forth in Section 19;

- (2) all obligations owed to Franchisor, and all other outstanding obligations relating to the Franchised Business, are fully paid and satisfied;
- (3) Franchisee (and any transferring owners and their spouses, if Franchisee is a business entity) has executed Franchisor's standard form of general release, of any and all claims against Franchisor, its parent and any Affiliates, including its and their officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), including, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Agreement or to the transfer of Franchisee's interest herein or to the transfer of Franchisee's ownership of all or any part of the Franchise; provided, however, that if a general release is prohibited, Franchisee shall give the maximum release allowed by law;
- (4) the prospective transferee has proven to Franchisor that it meets or exceeds Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require to demonstrate ability to operate the Franchised Business;
- (5) the transferee and, if Franchisor requires, all persons owning any interest in the transferee, have executed the then-current franchise agreement for new franchisees, which may be materially different from this Agreement, including different Royalty Fee, Brand Marketing Fund Contribution, Technology Access Fee, and Local Advertising Expenditures rates and other material provisions, and the franchise agreement then executed shall be for the term specified in such agreement;
- (6) Franchisee has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Franchisee and the prospective transferee relating to the intended sale or transfer of the Franchised Business and if Franchisee or Franchisee's owners finance any part of the sale price of the transferred interest, Franchisee and/or Franchisee's owners have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements or security interests that Franchisee or Franchisee's Owners have reserved in the Franchised Business are subordinate to the transferee's obligation to pay Royalty Fees, Brand Marketing Fund Contributions and other amounts due to Franchisor and otherwise to comply with this Agreement;
- (7) the transferee, or all holders of a legal or beneficial interest in the transferee Franchisee, has agreed to be personally bound jointly and severally by all provisions of Franchisor's current form of franchise agreement for its term by executing a personal guaranty in such form as prepared by Franchisor;

- (8) Franchisee has agreed to be bound to the obligations of the new franchise agreement and to guarantee the full performance thereof by the transferee, if required by Franchisor;
- (9) the transferee has obtained all necessary consents and approvals by third parties (such as the lessor of the Accepted Location) and all applicable federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied;
- (10) Franchisee has, and if Franchisee is an entity, all of the holders of a legal and beneficial interest in Franchisee have executed and delivered to Franchisor a nondisclosure and non-competition agreement in a form satisfactory to Franchisor and in substance the same as the nondisclosure and non-competition covenants contained in Sections 7 and 17;
- (11) the transferee agrees that its Operating Principal and General Manager shall complete, to Franchisor's satisfaction, a training program in substance similar to the Initial Training described in Section 8.1 prior to assuming the management of the day-to-day operation of the Franchised Business; and
- (12) the transferee pays to Franchisor a Transfer Fee in the amount of (1) seventy five percent (75%) of the then-current initial franchise fee if the transferee is not an existing SLICE HOUSE BY TONY GEMIGNANI<sup>TM®</sup> Restaurant franchisee (the "**External Third Party Transfer Fee**"); or (2) fifty percent (50%) of the then-current initial franchise fee if the transferee is an existing SLICE HOUSE BY TONY GEMIGNANI<sup>TM®</sup> Restaurant franchisee (the "**Internal Third Party Transfer Fee**").

### **18.3 Transfer to a Controlled Entity or Existing Owners.**

(a) If Franchisee wishes to transfer this Agreement or any interest herein to (1) a corporation, limited liability company or other legal entity which shall be entirely owned by Franchisee ("**Controlled Entity**"), which Controlled Entity is being formed for the financial planning, tax or other convenience of Franchisee; (2) an existing owner of Franchisee, or (3) to a person other than an existing owner but said transfer does not result in a change of control of Franchisee, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

- (1) If applicable, the Controlled Entity is newly organized and its charter provides that its activities are confined exclusively to the operation of the Franchised Business;
- (2) Franchisee or all holders of a legal or beneficial interest in Franchisee own all of the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity;
- (3) all obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied;

- (4) the Controlled Entity has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the Franchised Business. If the consent of any other party to any such other agreement is required, Franchisee has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor;
- (5) the existing owner or all holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with Franchisor jointly and severally guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations of this Agreement;
- (6) each stock certificate or other ownership interest certificate of the Franchisee or the Controlled Entity has conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement;
- (7) copies of the Controlled Entity's articles of incorporation or organization, bylaws, operating agreement, federal tax identification number and other governing regulations or documents, including resolutions of the board of directors authorizing entry into this Agreement, have been promptly furnished to Franchisor. Any amendment to any such documents shall also be furnished to Franchisor immediately upon adoption; and
- (8) Franchisee pays to Franchisor a Transfer Fee in the amount of two thousand five hundred and no/100 dollars (\$2,500) ("**Controlled Entity Transfer Fee**").

(b) The term of the transferred Franchised Business shall be the unexpired Term, including all renewal rights, subject to any and all conditions applicable to such renewal rights.

(c) Franchisor's consent to a transfer of any interest in this Agreement, or of any ownership interest in the Franchised Business, shall not constitute a waiver of any claims Franchisor may have against the transferor or the transferee, nor shall it be deemed a waiver of Franchisor's right to demand compliance with the terms of this Agreement.

**18.4 Franchisor's Disclosure to Transferee.** Franchisor has the right, without liability of any kind or nature whatsoever to Franchisee, to make available for inspection by any intended transferee of Franchisee all or any part of Franchisor's records relating to this Agreement, the Franchised Business or to the history of the relationship of the parties hereto. Franchisee hereby specifically consents to such disclosure by Franchisor and shall release and hold Franchisor harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to the Franchised Business by an intended transferee identified by Franchisee.

**18.5 For-Sale Advertising.** Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the Franchised Business, or in any communication

media, any form of advertising relating to the sale of the Franchised Business or the rights granted hereunder.

#### **18.6 Transfer by Death or Incapacity.**

(a) Upon the death or Incapacity of Franchisee (if Franchisee is an individual) or holder of a controlling legal or beneficial interest in Franchisee (if Franchisee is a business entity), the appropriate representative of such person (whether administrator, personal representative or trustee) shall, within a reasonable time not exceeding one hundred eighty (180) days following such event, transfer such individual's interest in the Franchised Business or in Franchisee to a third party approved by Franchisor. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement, unless prohibited by the laws of the state wherein Franchisee resided, with such choice of law provision being applicable only for this Section 18.6. During such one hundred eighty (180) day period, the Franchised Business must remain at all times under the primary management of a General Manager who otherwise meets Franchisor's management qualifications.

(b) Following such a death or Incapacity of such person as described in this Section 18.6, if necessary in Franchisor's discretion, Franchisor will have the right, but not the obligation, to assume operation of the Franchised Business until the deceased or incapacitated owner's interest is transferred to a third party approved by Franchisor. Franchisor may charge a management fee as stated in the Confidential Manuals from time to time, currently equal to ten percent (10%) of Gross Sales plus reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business.

**18.7 Offering of Securities.** Neither Franchisee nor any owner shall grant any security interest in, or otherwise encumber, any of its assets or securities unless Franchisee satisfies Franchisor's requirements, which may include, without limitation, execution of an inter-creditor agreement by Franchisor, Franchisee and/or such owner, and any secured creditor of Franchisee's, in a form satisfactory to Franchisor, acknowledging such creditor's obligations to be bound by the terms of this Section. All of Franchisee's materials required for any offer or sale of securities by federal or state law, whether by Franchisee's or any of Franchisee's owners, shall be submitted to Franchisor for review, approval, and consent, prior to their being filed with any government agency; and any materials to be used in any exempt offering shall be submitted to Franchisor for review, approval, and consent prior to their use. No such offering may imply (by use of the Marks or otherwise) that Franchisor is participating as an underwriter, issuer, or offeror of Franchisee's or Franchisor's securities, or that Franchisor has undertaken due diligence to verify accuracy of the statements in the materials, except solely with respect to Franchisor's relationship with Franchisor. Any review of the offering materials and approval by Franchisor to conduct the offering, will be for Franchisor's sole benefit, and not intended for the benefit of any other party, the offeror or any prospective investor. At Franchisor's option, Franchisor may require the offering materials to contain written statements or disclaimers prescribed by us including any limitations stated above in this paragraph. Franchisee and the other participants in the offering must fully indemnify Franchisor and its Affiliates in connection with the offering. For each proposed offering, Franchisee must reimburse Franchisor for our reasonable costs and expenses associated with reviewing the proposed offering, including legal and accounting fees. Franchisee will give Franchisor written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Section.

## SECTION 19. RIGHT OF FIRST REFUSAL

**19.1 Submission of Offer.** If Franchisee, or any of its owners, proposes to sell or otherwise transfer (including a transfer by death or Incapacity pursuant to Section 18.6) the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder, Franchisee shall obtain and deliver a bona fide, executed written offer or proposal to purchase, along with all pertinent documents including any contract or due diligence materials, to Franchisor, except with regards to a sale or transfer to a family member. The offer must apply only to an approved sale of the assets or interests listed above and may not include any other property or rights of Franchisee or any of its owners.

**19.2 Franchisor's Right to Purchase.** Unless the proposed sale or transfer is pursuant to Sections 18.3 or 18.6, Franchisor will, for thirty (30) days from the date of delivery of all such documents, have the right, exercisable by written notice to Franchisee, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to Franchisee. Franchisor has the right to substitute cash for the fair market value of any form of payment proposed in such offer. Franchisor's credit shall be deemed at least equal to the credit of any proposed buyer. After providing notice to Franchisee of Franchisor's intent to exercise this right of first refusal, Franchisor will have the later of sixty (60) days or the date of the expiration of the offer as stated within the offer, to close the purchase. Franchisor will be entitled to receive from Franchisee all customary representations and warranties given by Franchisee as the seller of the assets or such ownership interest or, at Franchisor's election, such representations and warranties contained in the proposal.

**19.3 Non-Exercise of Right of First Refusal.** If Franchisor does not exercise its right of first refusal within thirty (30) days from the date of delivery of all such documents, the offer or proposal may be accepted by Franchisee or any of its owners, subject to Franchisor's prior written approval as required by Section 18.2. Should the sale fail to close within one hundred twenty (120) days after the offer is delivered to Franchisor, Franchisor's right of first refusal shall renew and be implemented in accordance with this Section.

**19.4 Sales or Transfers to Family Excepted.** If Franchisee, or any of its owners, proposes to sell or otherwise transfer the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder to a member of Franchisee's (or its owners') family, then the terms and conditions of this Section 19 shall be inapplicable. Nothing in this Section 19.4 shall be construed to relieve Franchisee from full compliance with the terms and conditions of Section 18.2 prior to a sale or transfer to family pursuant to this Section.

## SECTION 20. BUSINESS ORGANIZATION

(a) If Franchisee is, or at any time becomes, a business corporation, partnership, limited liability company or other legal entity ("**Business Entity**"), Franchisee agrees and represents that:

- (1) Franchisee has the authority to execute, deliver and perform its obligations under this Agreement and is duly organized or formed and

validly existing in good standing under the laws of the state of its incorporation or formation;

- (2) Franchisee's organizational or governing documents will recite that the issuance and transfer of any ownership interests in it are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in Franchisee will bear a legend referring to the restrictions of this Agreement;
- (3) Franchisee will complete a "Principal Owners' Statement," which will completely and accurately describe all of its owners and their interests in it, and everyone who has voting or management rights and obligations. A copy of Franchisor's current form of Principal Owners' Statement is attached to hereto as Exhibit 3;
- (4) Franchisee and its owners agree to revise the Principal Owners' Statement as may be necessary to reflect any ownership changes and to furnish such other information about its organization or formation as Franchisor may request (no ownership changes may be made without Franchisor's approval);
- (5) each of Franchisee's owners during the term of this Agreement will sign and deliver to Franchisor its standard form of Principal Owners' Guaranty undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between Franchisee and Franchisor. A copy of Franchisor's current form of Principal Owners' Guaranty is attached hereto as Exhibit 4; and
- (6) at Franchisor's request, Franchisee will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of its owners and agents (like articles of incorporation or organization and partnership, operating or shareholder agreements).

## **SECTION 21. RELATIONSHIP AND INDEMNIFICATION**

**21.1 Relationship.** This Agreement is purely a contractual relationship between the parties and does not appoint or make Franchisee an agent, legal representative, joint venturer, partner, employee, servant or independent contractor of Franchisor for any purpose whatsoever. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. During the Term, and any extension or renewal hereof, Franchisee shall hold itself out to the public only as a franchisee and an owner of the Franchised Business operating the Franchised Business pursuant to a franchise grant from Franchisor. Franchisee shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice of that fact in a conspicuous place on the Accepted Location and on all forms, stationery or other written materials, the content of which Franchisor has the right to specify. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt, nor any other obligation of Franchisee. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Business. Any third party contractors and

vendors retained by Franchisee to convert or construct the premises are independent contractors of Franchisee alone.

**21.2 Standard of Care.** This Agreement does not establish a fiduciary relationship between the parties. Unless otherwise specifically provided in this Agreement with respect to certain issues, whenever this Agreement requires Franchisee to obtain Franchisor's written consent or permits Franchisee to take any action or refrain from taking any action, Franchisor is free to act in its own self-interest without any obligation to act reasonably, to consider the impact on Franchisee or to act subject to any other standard of care limiting Franchisor's right, except as may be provided by statute or regulation.

**21.3 Indemnification.** Franchisee, jointly and severally, shall hold harmless and indemnify Franchisor, any Affiliate, all holders of a legal or beneficial interest in Franchisor and all their respective officers, directors, executives, managers, members, partners, owners, employees, agents, contractors, advisors, successors and assigns (collectively "**Franchisor Indemnitees**") from and against all losses, damages, fines, costs, settlements, claims, expenses or liability (including reasonable attorneys' fees, expert witness fees, court costs, accountants' fees, travel and living expenses and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, which arises from or is based upon Franchisee's (a) ownership or operation of the Franchised Business; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (c) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and Franchisor (or an Affiliate); (d) defamation of Franchisor or the System; (e) acts, errors or omissions committed or incurred in connection with the Franchised Business, including any negligent or intentional acts; (f) infringement, violation or alleged infringement or violation of any Proprietary Mark, patent or copyright or any misuse of the Trade Secrets or other Confidential Information; (g) related to on-site training, assistance or support provided to Franchisee by Franchisor's employees or personnel; and (h) any and all taxes described in this Agreement. The obligations of this Section 21.3 shall expressly survive the expiration or termination of this Agreement.

**21.4 Right to Retain Counsel.** Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnitee. Franchisor has the right to retain counsel of its own choosing in connection with any such action, suit, demand, claim, investigation or proceeding. In order to protect persons, property, Franchisor's reputation or the goodwill of others, Franchisor has the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in Franchisor's sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If Franchisor's exercise of its rights under this Section causes any of Franchisee's insurers to refuse to pay a third party claim, all cause of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to Franchisor without the need for any further action on either party's part. Under no circumstances shall Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by Franchisor from Franchisee.

**SECTION 22.**  
**GENERAL CONDITIONS AND PROVISIONS**

**22.1 No Waiver.** No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom nor practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by Franchisor and shall not affect nor impair Franchisor's right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by Franchisor of any payment(s) due shall not be deemed a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

**22.2 Injunctive Relief.** As any breach by Franchisee, actual, threatened or contemplated, of any of the restrictions contained in Sections 6, 7 and 17 would result in irreparable injury to Franchisor, and as the damages arising out of any such breach would be difficult to ascertain, in addition to all other remedies provided by law or in equity, Franchisor shall be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction or a permanent injunction) against any such breach, whether actual or contemplated. Franchisor's right to seek injunctive relief will not affect the parties' waiver of jury trial and covenant to arbitrate all disputes in accordance with Section 23.7. Franchisor's rights herein shall include pursuing injunctive relief through arbitration or in a state or federal court.

**22.3 Notices.** All notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day after transmission by facsimile or other reasonably reliable electronic communication system (including e-mail); (c) the next business day after being sent via guaranteed overnight delivery by a commercial courier service; or (d) three (3) business days after being sent by Registered Mail, return receipt requested. Either party may change its address by a written notice sent in accordance with this Section 22.3. All notices, payments and reports required by this Agreement shall be sent to the parties at the following addresses:

|                 |                                                                                                                                                            |
|-----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Franchisor:     | Slice House Franchising, LLC<br>Attn: Trevor Hewitt<br>2505 Anthem Village Dr.<br>Suite E21<br>Henderson, Nevada 89052<br>e-mail: trevor@slicehouse.com    |
| With a Copy to: | Quarles & Brady LLP<br>Attn: Andrew Beilfuss<br>411 East Wisconsin Avenue<br>Suite 2350<br>Milwaukee, WI 53202-4497<br>e-mail: Andrew.Beilfuss@Quarles.com |
| Franchisee:     | _____<br>_____<br>_____<br>e-mail: _____                                                                                                                   |

**22.4 Cost of Enforcement or Defense.** If Franchisor or Franchisee is required to enforce this Agreement in a judicial or arbitration proceeding, the prevailing party shall be entitled to reimbursement of its costs, including reasonable accounting and attorneys' fees, in connection with such proceeding.

**22.5 Approvals.** Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor for such approval and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. Franchisor makes no warranties or guarantees, and assumes no liability or obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request for approval.

**22.6 Entire Agreement.** This Agreement, all Exhibits to this Agreement and all ancillary agreements executed contemporaneously herewith constitute the entire agreement between the parties with reference to the subject matter of this Agreement and supersedes any and all prior negotiations, understandings, representations and agreements; provided, however, that nothing in this Agreement will disclaim or require Franchisee to waive reliance on any representation that Franchisor made in the disclosure document (including its exhibits and amendments) that Franchisor delivered to Franchisee or Franchisee's representatives, subject to any agreed-upon changes to the contract terms and conditions described in that disclosure document and reflected in this Agreement (including any riders or addenda signed at the same time in this Agreement). This Agreement may only be amended by an instrument signed by both parties.

**22.7 Severability and Modification.**

(a) Except as noted below, each paragraph, part, term and provision of this Agreement shall be considered severable. If any paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of or affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Agreement. If Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Agreement, Franchisor has the right to, at its option, terminate this Agreement. Notwithstanding the foregoing, each of the covenants contained in Sections 7 and 17 shall be construed as independent of any other covenant or provision of this Agreement. If any court determines that any of the non-competition covenants is unenforceable because of the duration or geographic scope of such provision, such court shall have the power to reduce the duration or scope of such provision, as the case may be, and, in its reduced form, such provision shall then be enforceable. Furthermore, if any of the non-competition covenants are deemed entirely unenforceable or invalid under any local, state or federal law, rule, regulation, administrative decision or finding, then Franchisee will not be bound by such unenforceable or invalid provision(s), as the case may be, but Franchisee shall continue to be bound by all other provisions of these Sections which are valid and enforceable.

(b) Franchisee acknowledges that the restrictive covenants contained in Sections 6, 7 and 17 are essential elements of this Agreement and that without their inclusion, Franchisor would not have entered into this Agreement. Franchisee acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required

for the protection of Franchisor, its Franchisees, the System and the Proprietary Marks and Franchisee waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable.

**22.8 Construction.** The headings of the sections are for convenience only. If two (2) or more persons are at any time Franchisee hereunder, whether or not as partners or joint venturers, their obligations and liabilities to Franchisor is joint and several. All words used in this Agreement, regardless of the number or gender in which they are used, will be construed to include any other number, singular or plural, in any other gender, masculine, feminine or neuter, as the context of this Agreement may require.

**22.9 Force Majeure.** Delays in the performance by either party or its designee of any obligations hereunder which are not the fault of or within the reasonable control of such party including, without limitation, pandemic, epidemic, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders, shall not give rise to a default by such party hereunder. Rather the time of performance of any such obligations will be extended for the period of such delay or for such other reasonable period of time as may be appropriate in the circumstances. Notwithstanding the foregoing, any excuse for performance shall not apply to any payment obligations owed hereunder.

**22.10 Timing.** Time is of the essence. Except as set forth in Section 22.9, failure to perform any act within the time required or permitted by this Agreement shall be a material breach. However, whenever the time for the performance of any action or condition contained in this Agreement falls on a Saturday, Sunday or legal holiday, such time will be extended to the next business date. Indications of time of day mean time in Henderson, Nevada.

**22.11 Withholding Payments.** Franchisee shall not, for any reason, withhold payment of any Royalty Fee, Brand Marketing Fund Contribution, Technology Access Fee, or other amounts due to Franchisor or to an Affiliate. Franchisee shall not withhold or offset any amounts, damages or other monies allegedly due to Franchisee against any amounts due to Franchisor. No endorsement or statement on any payment for less than the full amount due to Franchisor will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and Franchisor has the right to accept and cash any such payment without prejudice to Franchisor's right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law. Franchisor has the right to apply any payments made by Franchisee against any of Franchisee's past due indebtedness as Franchisor deems appropriate. Franchisor will offset sums it owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.

**22.12 Further Assurances.** Each party to this Agreement will execute and deliver such further instruments, contracts, forms or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Agreement.

**22.13 No Liability to Others; No Other Beneficiaries.** Franchisor will not, because of this Agreement or by virtue of any approvals, advice or services provided to Franchisee, be liable to any person or legal entity who is not a party to this Agreement. Except as specifically described in this Agreement, no other party has any rights because of this Agreement.

**22.14 Counterparts.** This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute

one (1) and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

## **SECTION 23. DISPUTE RESOLUTION**

**23.1 Choice of Law.** EXCEPT TO THE EXTENT THIS AGREEMENT OR ANY PARTICULAR DISPUTE IS GOVERNED BY THE U.S. TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §1051, AND THE SECTIONS FOLLOWING IT) OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE FRANCHISE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA (WITHOUT REFERENCE TO ITS CONFLICT OF LAWS PRINCIPLES), EXCLUDING ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP BETWEEN A FRANCHISOR AND FRANCHISEE, UNLESS THE JURISDICTIONAL REQUIREMENTS OF SUCH LAWS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION. THE FEDERAL ARBITRATION ACT SHALL GOVERN ALL MATTERS SUBJECT TO ARBITRATION. References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency. Nothing in this Section is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation to which this Agreement would not otherwise be subject.

**23.2 Consent to Jurisdiction.** ANY ACTION BROUGHT BY EITHER PARTY EXCEPT THOSE CLAIMS REQUIRED TO BE SUBMITTED TO ARBITRATION, SHALL ONLY BE BROUGHT IN THE APPROPRIATE STATE COURT LOCATED IN OR SERVING HENDERSON, NEVADA. THE PARTIES WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSES OF CARRYING OUT THIS PROVISION. CLAIMS FOR INJUNCTIVE RELIEF MAY BE BROUGHT BY FRANCHISOR WHERE FRANCHISEE IS LOCATED. THIS EXCLUSIVE CHOICE OF JURISDICTION AND VENUE PROVISION SHALL NOT RESTRICT THE ABILITY OF THE PARTIES TO CONFIRM OR ENFORCE JUDGMENTS OR ARBITRATION AWARDS IN ANY APPROPRIATE JURISDICTION.

**23.3 Cumulative Rights and Remedies.** No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy. Nothing contained herein shall bar Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctive relief.

**23.4 Limitations of Claims.** ANY AND ALL CLAIMS ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP AMONG FRANCHISEE AND FRANCHISOR MUST BE MADE BY WRITTEN NOTICE TO THE OTHER PARTY WITHIN ONE (1) YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM (REGARDLESS OF WHEN IT BECOMES KNOWN); EXCEPT FOR CLAIMS ARISING FROM: (A) UNDER-REPORTING OF GROSS SALES; (B) UNDER-PAYMENT OF AMOUNTS OWED TO FRANCHISOR OR ITS AFFILIATES; (C) CLAIMS FOR INDEMNIFICATION; AND/OR (D) UNAUTHORIZED USE OF THE MARKS OR

CONFIDENTIAL INFORMATION OR BREACH OF ANY NONCOMPETITION COVENANT. HOWEVER, THIS PROVISION DOES NOT LIMIT THE RIGHT TO TERMINATE THIS AGREEMENT IN ANY WAY.

**23.5 Limitation of Damages.** FRANCHISEE AND FRANCHISOR EACH WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IF THERE IS A DISPUTE WITH THE OTHER, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT INCLUDING REASONABLE ACCOUNTING AND LEGAL FEES AS PROVIDED IN SECTION 22.4. FRANCHISEE WAIVES AND DISCLAIMS ANY RIGHT TO CONSEQUENTIAL DAMAGES IN ANY ACTION OR CLAIM AGAINST FRANCHISOR CONCERNING THIS AGREEMENT OR ANY RELATED AGREEMENT. IN ANY CLAIM OR ACTION BROUGHT BY FRANCHISEE AGAINST FRANCHISOR CONCERNING THIS AGREEMENT, FRANCHISEE'S CONTRACT DAMAGES SHALL NOT EXCEED AND SHALL BE LIMITED TO REFUND OF FRANCHISEE'S FRANCHISE FEE AND ROYALTY FEES.

**23.6 Waiver of Class Actions.** Each of the parties hereby irrevocably waives the right to litigate on a class action basis, in any action, proceeding, or counterclaim, whether at law or in equity, brought by any party.

**23.7 Waiver of Jury Trial.** FRANCHISEE AND FRANCHISOR EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, WHETHER AT LAW OR EQUITY, BROUGHT BY EITHER OF THEM.

**23.8 Prior Notice of Claims.** As a condition precedent to commencing an action for damages or for Franchisor's violation or breach of this Agreement, Franchisee must notify Franchisor in writing within ninety (90) days after the occurrence of the violation or breach, and failure to timely give such notice will preclude any claim for damages.

**23.9 Internal Dispute Resolution.** Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's President, after providing notice as set forth in Section 19 above. Franchisor must respond to Franchisee's notice inquiry within ten (10) business days of receipt or otherwise it is deemed denied. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. Franchisee agrees that Franchisor's has sixty (60) days to attempt to resolve Franchisee's claim or dispute with IDR (the "**IDR Period**"). This agreement to first attempt resolution of disputes internally through IDR will survive termination or expiration of this Agreement.

**23.10 Mediation.** Any disputes and claims arising out of or relating to this Agreement, the rights and obligations of the parties hereto, third-party beneficiaries, and/or any guarantors and/or transferees of this Agreement, or any claims between any of the above listed parties, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement or that is any way related to Franchisee's Franchised Business, must be submitted to non-binding mediation conducted before a sole neutral mediator referred by the American Arbitration Association ("**AAA**") in accordance with its Commercial Mediation Procedures. Mediation will be conducted in Henderson, Nevada. The parties shall each bear all of their own costs of mediation; provided, however, the fees of the mediator shall be divided equally between Franchisee and Franchisor. The mediator will be disqualified as a witness, expert or counsel for any party with respect to the dispute and any related matter. Mediation is a compromise negotiation and will constitute privileged communications under the law governing

this Agreement. The entire mediation process will be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties will not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission as a result of its use in the mediation. Franchisor shall notify Franchisee of Franchisor's election to submit any dispute to non-binding mediation within thirty (30) days of the end of the IDR Period or at the time Franchisor provides Franchisee with notice of a dispute, claim, or alleged cause of action, as applicable.

### **23.11 Arbitration**

(a) THIS AGREEMENT EVIDENCES A TRANSACTION INVOLVING COMMERCE AND, THEREFORE, THE FEDERAL ARBITRATION ACT, TITLE 9 OF THE UNITED STATES CODE IS APPLICABLE TO THE SUBJECT MATTER CONTAINED HEREIN. EXCEPT FOR CONTROVERSIES OR CLAIMS RELATING TO THE OWNERSHIP OF ANY AND ALL INTELLECTUAL PROPERTY RIGHTS, INCLUDING, BUT NOT LIMITED TO, FRANCHISOR'S MARKS, COPYRIGHTS OR THE UNAUTHORIZED USE OR DISCLOSURE OF FRANCHISOR'S CONFIDENTIAL INFORMATION, COVENANTS AGAINST COMPETITION AND OTHER CLAIMS FOR INJUNCTIVE RELIEF, ALL DISPUTES ARISING OUT OF OR RELATING TO THIS AGREEMENT OR TO ANY OTHER AGREEMENTS BETWEEN THE PARTIES, OR WITH REGARD TO INTERPRETATION, FORMATION OR BREACH OF THIS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES, SHALL BE SETTLED BY BINDING ARBITRATION CONDUCTED IN HENDERSON, NEVADA, IN ACCORDANCE WITH THE COMMERCIAL ARBITRATION RULES OF THE AAA THEN IN EFFECT. THE PROCEEDINGS WILL BE HELD BY A SINGLE ARBITRATOR AGREED UPON BY THE PARTIES OR OTHERWISE APPOINTED BY THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEVADA. THE DECISION OF THE ARBITRATOR WILL BE FINAL AND BINDING UPON THE PARTIES. JUDGMENT UPON THE AWARD RENDERED BY THE ARBITRATOR MAY BE ENTERED IN ANY COURT HAVING PERSONAL AND SUBJECT MATTER JURISDICTION.

(b) FRANCHISEE ACKNOWLEDGES THAT IT HAS READ THE TERMS OF THIS BINDING ARBITRATION PROVISION AND AFFIRMS THAT THIS PROVISION IS ENTERED INTO WILLINGLY AND VOLUNTARILY AND WITHOUT ANY FRAUD, DURESS OR UNDUE INFLUENCE ON THE PART OF FRANCHISOR OR ANY OF FRANCHISOR'S AGENTS OR EMPLOYEES.

## SECTION 24. ACKNOWLEDGMENTS

### **24.1 Receipt of this Agreement and the Franchise Disclosure Document.**

Franchisee represents and acknowledges that it has received, read and understands this Agreement and Franchisor's Franchise Disclosure Document; and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement. Franchisee represents and acknowledges that it has received, at least fourteen (14) calendar days prior to the date on which this Agreement was executed, the Disclosure Document required by the Trade Regulation Rule of the Federal Trade Commission entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures.

**24.2 Consultation by Franchisee.** Franchisee represents that it has been urged to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the Franchised Business and the prospects for that Franchised Business. Franchisee represents that it has either consulted with such advisors or has deliberately declined to do so. Franchisee have been given the opportunity to clarify any provision of this Agreement that Franchisee may not have initially understood and that Franchisor has advised Franchisee to have this Agreement reviewed by an attorney.

**24.3 True and Accurate Information.** Franchisee represents that all information set forth in any and all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, and Franchisee acknowledges that Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

**24.4 Risk.** Franchisee represents that it has conducted an independent investigation of the business contemplated by this Agreement and acknowledges that, like any other business, an investment in a SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup>® Franchised Business involves business risks and that the success of the venture is dependent, among other factors, upon the business abilities and efforts of Franchisee. Franchisor makes no representations or warranties, express or implied, in this Agreement or otherwise, as to the potential success, or future profitability, of the business venture contemplated hereby.

**24.5 Anti-Terrorism Representations.** Franchisee represents that: (i) Franchisee will comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with 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 any other requirements of any governmental authority addressing or in any way relating to terrorists acts and acts of war (the "**Anti-Terrorism Laws**"), and (ii) neither Franchisee nor any of its owners, employees, agents, or property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that neither Franchisee nor they are otherwise in violation of any of the Anti-Terrorism Laws. Any violation of the Anti-Terrorism Laws by Franchisee or Franchisee's Owners, or any blocking of Franchisee's or Franchisee's Owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

**24.6 Exercise of Franchisor's Judgment.** Franchisor has the right to develop and change the System in any manner that is not specifically prohibited by this Agreement. Whenever Franchisor has reserved in this Agreement a right to take or to withhold an action, or to grant or decline to grant Franchisee a right to take or omit an action, Franchisor may, except as

otherwise specifically provided in this Agreement, make its decision or exercise its rights based on information readily available and its judgment of what is in its and/or the SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup><sub>®</sub> Restaurant System's best interests at the time its decision is made, without regard to either whether Franchisor could have made other reasonable or even arguably preferable alternative decisions or whether Franchisor's decision promotes its financial or other individual interest.

**24.7 No Violation of Other Agreements.** Franchisee represents that its execution of this Agreement will not violate any other agreement or commitment to which Franchisee or any holder of a legal or beneficial interest in Franchisee is a party.

**24.8 Acknowledgment** Franchisee acknowledges and represents that: Franchisor has made no promise or representation to Franchisee as to the renewal of this Agreement or the grant of a new franchise after the end of the Term;

(b) Neither Franchisor nor anyone acting on Franchisor's behalf has made any representations, inducements, promises, or agreements, orally or otherwise, respecting the subject matter of this Agreement, which is not embodied herein or set forth in the Franchise Disclosure Document and that nothing that Franchisee believes Franchisee has been told by Franchisor or Franchisor's representatives shall be binding unless it is written in this Agreement;

(c) Neither Franchisor nor any of Franchisor's representatives and/or agents with whom Franchisee has met has made any guarantees or representations as to the extent of Franchisee's success in operating a Restaurant, and has not and is not in any way representing or promising any specific amounts of earnings or profits associated with Franchisee's operation of the Restaurant; and

(d) That fulfillment of any and all of Franchisor's obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a court of law shall be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor shall be personally liable to Franchisee for any reason.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

<Signatures on Following Page>

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Agreement.

FRANCHISOR:

SLICE HOUSE FRANCHISING, LLC,  
a Nevada limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT 1 TO THE FRANCHISE AGREEMENT**

**ACCEPTED LOCATION AND PROTECTED AREA**

1. As contemplated by Section 1, of the Franchise Agreement, the street address (or detailed description of the premises) of the Accepted Location is:

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2. As contemplated by Section 2.3 of the Franchise Agreement, the Protected Area shall be:

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FRANCHISOR:

SLICE HOUSE FRANCHISING, LLC,  
a Nevada limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT 2 TO THE FRANCHISE AGREEMENT**

**SITE SELECTION TERRITORY**

1. As contemplated by Section 5.2 of the Franchise Agreement, the Site Selection Territory (if applicable) is:

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☐

Check if map attached.

Franchisee acknowledges that the Site Selection Territory is delineated solely for the purpose of establishing a geographic area within which Franchisee will select the site for the Accepted Location and for no other purpose.

FRANCHISOR:

SLICE HOUSE FRANCHISING, LLC,  
a Nevada limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT 3 TO THE FRANCHISE AGREEMENT**  
**PRINCIPAL OWNERS' STATEMENT**

This form must be completed by Franchisee ("I," "me," or "my") if it has multiple owners or if it, or the franchised business, is owned by a business organization (like a corporation, partnership or limited liability company). Franchisor is relying on the truth and accuracy of this form in entering into the Franchise Agreement with Franchisee.

1. **Name of Franchisee:**

2. **Form of Franchisee.** I am a (check one):

- (a) General Partnership ☐
- (b) Corporation ☐
- (c) Limited Partnership ☐
- (d) Limited Liability Company ☐
- (e) Other ☐

Specify: \_\_\_\_\_

3. **Business Entity.** Franchisee was formed on \_\_\_\_\_, \_\_\_\_, under the laws of the State of \_\_\_\_\_. Franchisee has not conducted business under any name other than its corporate, limited liability company or partnership name and \_\_\_\_\_. The following is a list of all persons who have management rights and powers (e.g., officers, managers, partners, etc.) and their positions are listed below:

**Position(s) Held**

**Name of Person**

|       |       |
|-------|-------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

4. **Owners.** The following list includes the full name and mailing address of each person who is one my owners and fully describes the nature of each owner's interest. Attach additional sheets if necessary.

| Owner's Name and Address | Description of Interest | % of Ownership | Operating Principal |
|--------------------------|-------------------------|----------------|---------------------|
|                          |                         |                |                     |
|                          |                         |                |                     |

| Owner's Name and Address | Description of Interest | % of Ownership | Operating Principal |
|--------------------------|-------------------------|----------------|---------------------|
|                          |                         |                |                     |
|                          |                         |                |                     |

5. **Governing Documents.** Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.).

This Statement of Principal Owners is current and complete as of \_\_\_\_\_, 20\_\_.

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**OWNERS:**

**INDIVIDUALS:**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

## **EXHIBIT 4 TO THE FRANCHISE AGREEMENT**

### **PRINCIPAL OWNERS' GUARANTY**

This Guaranty must be signed by the principal owners (referred to as “**Franchisee**” for purposes of this Guaranty only) of \_\_\_\_\_ (the “**Business Entity**”) under the \_\_\_\_\_ Agreement dated \_\_\_\_\_ (the “**Agreement**”) with Slice House Franchising, LLC, a Nevada limited liability company, with a business address at 2505 Anthem Village Drive, Suite E21, Henderson, Nevada 89052 (“**us**,” or “**our**” or “**we**”).

1. **Scope of Guaranty.** In consideration of and as an inducement to our signing and delivering the Agreement, each of Franchisee signing this Guaranty personally and unconditionally: (a) guarantee to us and our successors and assigns that the Business Entity will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agree to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement.

2. **Waivers.** Each of Franchisee waive: (a) acceptance and notice of acceptance by us of Franchisee’s obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by Franchisee; (d) any right Franchisee may have to require that an action be brought against the Business Entity or any other person as a condition of Franchisee’s liability; (e) all rights to payments and claims for reimbursement or subrogation which Franchisee may have against the Business Entity arising as a result of Franchisee’s execution of and performance under this Guaranty; and (f) all other notices and legal or equitable defenses to which Franchisee may be entitled in Franchisee’s capacity as guarantors.

3. **Consents and Agreements.** Each of Franchisee consent and agree that: (a) Franchisee’s direct and immediate liability under this Guaranty are joint and several; (b) Franchisee must render any payment or performance required under the Agreement upon demand if the Business Entity fails or refuses punctually to do so; (c) Franchisee’s liability will not be contingent or conditioned upon our pursuit of any remedies against the Business Entity or any other person; (d) Franchisee’s liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Business Entity or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence will in any way modify or amend this Guaranty; and (e) this Guaranty will continue and is irrevocable during the term of the Agreement and, if required by the Agreement, after its termination or expiration.

4. **Enforcement Costs.** If we are required to enforce this Guaranty in any judicial or arbitration proceeding or any appeals, Franchisee must reimburse us for our enforcement costs. Enforcement costs include reasonable accountants’, attorneys’, attorney’s assistants’, arbitrators’ and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

5. **Effectiveness.** Franchisee’s obligations under this Guaranty are effective on the Agreement Date, regardless of the actual date of signature. Terms not otherwise defined in this Guaranty have the meanings as defined in the Agreement. This Guaranty is governed by Nevada

law and we may enforce our rights regarding it in the courts of Nevada. Each of Franchisee irrevocably submits to the jurisdiction and venue of such courts and agrees to participate and be bound by the arbitration provisions of the Agreement.

Each of Franchisee now sign and deliver this Guaranty effective as of the date of the Agreement regardless of the actual date of signature.

**PERCENTAGE OF OWNERSHIP  
INTEREST IN BUSINESS ENTITY**

**GUARANTORS**

\_\_\_\_\_

\_\_\_\_\_

DATE \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

DATE \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

DATE \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

DATE \_\_\_\_\_

**EXHIBIT 5 TO THE FRANCHISE AGREEMENT**  
**FRANCHISE COMPLIANCE CERTIFICATION**

Not to be completed by franchisees located in California, Hawaii, Illinois, Indiana, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin.

The purpose of this Certification is to determine whether any statements or promises were made to Franchisee that we have not authorized and that may be untrue, inaccurate or misleading. **Do not sign or date this Certification the same day as the Receipt for the Disclosure Document; Franchisee should sign and date this Certification the same day Franchisee sign the Franchise Agreement.** Please review each of the following questions and statements carefully and provide honest and complete responses to each.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

1. Franchisee had Franchisee's first face-to-face meeting with our representative on: \_\_\_\_\_, 20\_\_.
2. Have Franchisee received and personally reviewed our Franchise Agreement and each Addendum (if any) and related agreement (i.e., personal guaranty) attached to them?

Yes       \_\_\_\_\_       No       \_\_\_\_\_

3. Did Franchisee receive the Franchise Agreement and each related agreement, containing all material terms, at least 7 days before signing any binding agreement with us or an affiliate?\*

Yes       \_\_\_\_\_       No       \_\_\_\_\_

\*This does not include changes to any agreement arising out of negotiations Franchisee initiated with us.

4. Do Franchisee understand all of the information contained in the Franchise Agreement and each Addendum (if any) and related agreement provided to Franchisee?

Yes       \_\_\_\_\_       No       \_\_\_\_\_

If No, what parts of the Franchise Agreement, Addendum (if any) and/or related agreements do Franchisee not understand? (Attach additional pages, if necessary.)

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5. Have Franchisee received and personally reviewed our Franchise Disclosure Document (“FDD”) that was provided to Franchisee?  
 Yes \_\_\_\_\_ No \_\_\_\_\_
6. Did Franchisee receive the FDD at least 14 days before signing the Franchise Agreement, this document or any related agreement, or before paying any funds to us or an affiliate?  
 Yes \_\_\_\_\_ No \_\_\_\_\_
7. Did Franchisee sign a receipt for the FDD indicating the date Franchisee received it?  
 Yes \_\_\_\_\_ No \_\_\_\_\_
8. Do Franchisee understand all of the information contained in the FDD and any state-specific Addendum to the FDD?  
 Yes \_\_\_\_\_ No \_\_\_\_\_  
 If No, what parts of the FDD and/or Addendum do Franchisee not understand? (Attach additional pages, if necessary.)
9. Do Franchisee acknowledge and understand that no parent or affiliate of ours promises to back us financially or otherwise guarantees our performance or commits to perform post-sale obligations for us?  
 Yes \_\_\_\_\_ No \_\_\_\_\_
10. Have Franchisee discussed the benefits and risks of purchasing a SLICE HOUSE BY TONY GEMIGNANI<sup>TM®</sup> Restaurant franchise with an attorney, accountant or other professional advisor?  
 Yes \_\_\_\_\_ No \_\_\_\_\_  
 If No, do Franchisee wish to have more time to do so?  
 Yes \_\_\_\_\_ No \_\_\_\_\_
11. Do Franchisee understand that the success or failure of Franchisee’s SLICE HOUSE BY TONY GEMIGNANI<sup>TM®</sup> Restaurant franchise will depend in large part upon Franchisee’s skills and abilities, competition from other businesses, and other economic and business factors?  
 Yes \_\_\_\_\_ No \_\_\_\_\_
12. Has any employee or other person speaking on our behalf made any statement or promise concerning the actual or possible revenues or profits of a SLICE HOUSE BY TONY GEMIGNANI<sup>TM®</sup> Restaurant franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?  
 Yes \_\_\_\_\_ No \_\_\_\_\_
13. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money Franchisee may earn in operating a SLICE HOUSE BY TONY GEMIGNANI<sup>TM®</sup> Restaurant franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?  
 Yes \_\_\_\_\_ No \_\_\_\_\_

14. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that Franchisee should or might expect to achieve from operating a SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup><sub>®</sub> Restaurant franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

15. Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to Franchisee that is contrary to, or different from, the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

16. If Franchisee have answered “Yes” to any one of questions 12-15, please provide a full explanation of each “Yes” answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.)

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17. Do Franchisee understand that the Franchise Agreement, Addendum (if any) and related agreements contain the entire agreement between Franchisee and us concerning the SLICE HOUSE BY TONY GEMIGNANI<sup>TM</sup><sub>®</sub> Restaurant franchise, meaning that any prior oral or written statements not set out in the Franchise Agreement, Addendum (if any) or related agreements will not be binding?\*

Yes \_\_\_\_\_ No \_\_\_\_\_

\*Nothing in this document or any related agreement is intended to disclaim the representations we made in the FDD that we furnished to Franchisee.

18. Franchisee signed the Franchise Agreement and Addendum (if any) and related agreements on \_\_\_\_\_, 20\_\_, and acknowledge that no agreement or addendum is effective until signed and dated by us.

*[Include 19 for use in Washington only.]*

19. Questionnaire does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

FRANCHISEE UNDERSTAND THAT FRANCHISEE’S RESPONSES TO THESE QUESTIONS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS COMPLIANCE CERTIFICATION, FRANCHISEE IS REPRESENTING THAT FRANCHISEE HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

<Signatures on Following Page>

The individuals signing below for the “**Franchise Applicant**” constitute all of the executive officers, partners, shareholders, investors and/or principals of the Franchise Applicant, or constitute the duly authorized representatives or agents of the foregoing.

**FRANCHISE APPLICANT:**

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Signature

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Printed Name

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Date:

---

Signature

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Printed Name

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Date:

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Signature

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Printed Name

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Date:

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Signature

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Printed Name

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Date:

**EXHIBIT 6 TO THE FRANCHISE AGREEMENT**  
**CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS**  
**AND LISTINGS AND INTERNET ADDRESSES**

THIS CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS AND INTERNET ADDRESSES (this “**Assignment**”) is effective as of \_\_\_\_\_, 20\_\_\_\_, between Slice House Franchising, LLC, a Nevada limited liability company with its principal place of business at 2505 Anthem Village Drive, Suite E21, Henderson, Nevada 89052 (“**Assignee**,” “**we**,” “**us**” or “**our**”) and \_\_\_\_\_, a(n) \_\_\_\_\_ with its principal business address located at \_\_\_\_\_ (“**Assignor**” or “**Franchisee**”). Franchisee and we are sometimes referred to collectively as the “parties” or individually as a “party.”

**BACKGROUND INFORMATION:**

We have simultaneously entered into the certain Franchise Agreement (the “**Franchise Agreement**”) dated as of \_\_\_\_\_, 20\_\_\_\_ with Franchisee, pursuant to which Franchisee plan to own and operate a SLICE HOUSE BY TONY GEMIGNANI<sup>TM®</sup> Restaurant (the “**Restaurant**”). SLICE HOUSE BY TONY GEMIGNANI<sup>TM®</sup> Restaurants use certain proprietary knowledge, procedures, formats, systems, forms, printed materials, applications, methods, specifications, standards and techniques authorized or developed by us (collectively the “**System**”). We identify SLICE HOUSE BY TONY GEMIGNANI<sup>TM®</sup> Restaurants and various components of the System by certain trademarks, trade names, service marks, trade dress and other commercial symbols including “SLICE HOUSE BY TONY GEMIGNANI<sup>TM®</sup>” and associated logos and commercial symbols (collectively the “**Marks**”). In order to protect our interest in the System and the Marks, we will have the right to control the telephone numbers and listings and internet addresses of the Restaurant upon expiration or termination of the Franchise Agreement.

**OPERATIVE TERMS:**

Franchisee and we agree as follows:

1. **Background Information:** The background information is true and correct. This Assignment will be interpreted by reference to the background information. Terms not otherwise defined in this Assignment will have the meanings as defined in the Franchise Agreement.

2. **Conditional Assignment:** FOR VALUE RECEIVED, Franchisee hereby assigns to Franchisor: (a) those certain telephone numbers and regular, classified or other telephone directory listings (collectively, the “**Telephone Numbers and Listings**”); and (b) those certain Internet Website addresses and social media accounts (“**URLs**”) associated with Franchisor’s trade and service marks and used from time to time in connection with the operation of the Authorized Business at the address provided above. This Assignment is for collateral purposes only and, except as specified herein, Franchisor shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless Franchisor shall notify the telephone company and/or the listing agencies with which Franchisee has placed telephone directory listings (all such entities are collectively referred to herein as “**Telephone Company**”) and/or Franchisee’s Internet service provider (“**ISP**”) to effectuate the assignment pursuant to the terms hereof.

Upon termination or expiration of the Franchise Agreement (without extension) for any reason, Franchisor shall have the right and is hereby empowered to effectuate the assignment of the Telephone Numbers and Listings and the URLs, and, in such event, Franchisee shall have no

further right, title or interest in the Telephone Numbers and Listings and the URLs, and shall remain liable to the Telephone Company and the ISP for all past due fees owing to the Telephone Company and the ISP on or before the effective date of the assignment hereunder.

3. **Power of Attorney:** Franchisee agrees and acknowledges that as between Franchisor and Franchisee, upon termination or expiration of the Franchise Agreement, Franchisor shall have the sole right to and interest in the Telephone Numbers and Listings and the URLs, and Franchisee irrevocably appoints Franchisor as Franchisee's true and lawful attorney-in-fact, which appointment is coupled with an interest, to direct the Telephone Company and the ISP to assign same to Franchisor, and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Franchisee shall immediately notify the Telephone Company and the ISP to assign the Telephone Numbers and Listings and the URLs to Franchisor. If Franchisee fails to promptly direct the Telephone Company and the ISP to assign the Telephone Numbers and Listings and the URLs to Franchisor, Franchisor shall direct the Telephone Company and the ISP to effectuate the assignment contemplated hereunder to Franchisor. The parties agree that the Telephone Company and the ISP may accept Franchisor's written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor's exclusive rights in and to the Telephone Numbers and Listings and the URLs upon such termination or expiration and that such assignment shall be made automatically and effective immediately upon Telephone Company's and ISP's receipt of such notice from Franchisor or Franchisee. The parties further agree that if the Telephone Company or the ISP requires that the parties execute the Telephone Company's or the ISP's assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement.

4. **Indemnification:** Franchisee will indemnify and hold us and our affiliates, stockholders, directors, officers and representatives (collectively, the "Indemnified Parties") harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses that any of the Indemnified Parties incur as a result of any claim brought against any of the Indemnified Parties or any action which any of the Indemnified Parties are named as a party or which any of the Indemnified Parties may suffer, sustain or incur by reason of, or arising out of, Franchisee's breach of any of the terms of any agreement or contract or the nonpayment of any debt Franchisee have with the Telephone Company and/or ISP.

5. **Binding Effect:** This Assignment is binding upon and inures to the benefit of the parties and their respective successors-in-interest, heirs, and successors and assigns.

6. **Assignment to Control:** This Assignment will govern and control over any conflicting provision in any agreement or contract which Franchisee may have with the Telephone Company and/or ISP.

7. **Attorney's Fees, Etc.:** In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment or the enforcement thereof, the prevailing party will be entitled to reimbursement of its attorneys' fees, costs and expenses from the non-prevailing party. The term "attorneys' fees" means any and all charges levied by an attorney for his or her services including time charges and other reasonable fees including paralegal fees and legal assistant fees and includes fees earned in settlement, at trial, appeal or in bankruptcy proceedings and/or in arbitration proceedings.

8. **Severability:** If any of the provisions of this Assignment or any section or subsection of this Assignment are held invalid for any reason, the remainder of this Assignment

or any such section or subsection will not be affected, and will remain in full force and effect in accordance with its terms.

9. **Governing Law and Forum:** This Assignment is governed by Nevada law. The parties will not institute any action against any of the other parties to this Assignment except in the state or federal courts of general jurisdiction in Henderson, Nevada, and they irrevocably submit to the jurisdiction of such courts and waive any objection they may have to either the jurisdiction or venue of such court.

*[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK. SIGNATURE PAGE FOLLOWS.]*

**ASSIGNOR:**

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**STATE OF** \_\_\_\_\_

**COUNTY OF** \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by \_\_\_\_\_, as \_\_\_\_\_ of \_\_\_\_\_, a \_\_\_\_\_, on behalf of said \_\_\_\_\_. He/She is personally known to me or has produced \_\_\_\_\_ as identification.

(Notarial Seal)

**STATE OF** \_\_\_\_\_

**COUNTY OF** \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by \_\_\_\_\_ as \_\_\_\_\_ of SLICE HOUSE FRANCHISING, LLC, on behalf of said company. He is personally known to me.

(Notarial Seal)

**ASSIGNEE:**

**SLICE HOUSE FRANCHISING, LLC,**  
a Nevada limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Printed Name:

**NOTARY PUBLIC**

Commission No.: \_\_\_\_\_

State of \_\_\_\_\_

\_\_\_\_\_  
My Commission Expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Signature

\_\_\_\_\_  
Printed Name:

**NOTARY PUBLIC**

Commission No.: \_\_\_\_\_

State of \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Signature

**EXHIBIT 7 TO THE FRANCHISE AGREEMENT**  
**CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE**

**THIS CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE** (this “**Assignment**”) is made, entered into and effective as of the effective date of the Lease (as defined herein below), by and between Slice House Franchising, LLC, a Nevada limited liability company, with its principal business address located at 2505 Anthem Village Drive, Suite E21, Henderson, Nevada 89052 (the “**Franchisor**”), and \_\_\_\_\_, a(n) \_\_\_\_\_ with its principal business address located at \_\_\_\_\_ (the “**Franchisee**”).

**BACKGROUND INFORMATION**

The Franchisor entered into that certain Franchise Agreement (the “**Franchise Agreement**”) dated as of \_\_\_\_\_, 20\_\_ with the Franchisee, pursuant to which the Franchisee plans to own and operate a SLICE HOUSE BY TONY GEMIGNANI<sup>TM®</sup> Restaurant (the “**Restaurant**”) located at \_\_\_\_\_ (the “**Site**”). In addition, pursuant to that certain Lease Agreement (the “**Lease**”), the Franchisee has leased or will lease certain space containing the SLICE HOUSE BY TONY GEMIGNANI<sup>TM®</sup> Restaurant described therein from \_\_\_\_\_ (the “**Lessor**”). The Franchise Agreement requires the Franchisee to deliver this Assignment to the Franchisor as a condition to the grant of a franchise.

**OPERATIVE TERMS**

The Franchisor and the Franchisee agree as follows:

1. **Background Information:** The background information is true and correct. This Assignment will be interpreted by reference to, and construed in accordance with, the background information.
2. **Incorporation of Terms:** Terms not otherwise defined in this Assignment have the meanings as defined in the Lease.
3. **Assignment:** The Franchisee grants to the Franchisor a security interest in and to the Lease, all of the furniture, fixtures, inventory and supplies located in the Site and the franchise relating to the SLICE HOUSE BY TONY GEMIGNANI<sup>TM®</sup> Restaurant, and all of the Franchisee’s rights, title and interest in and to the Lease as collateral for the payment of any obligation, liability or other amount owed by the Franchisee or its affiliates to the Lessor arising under the Lease and for any default or breach of any of the terms and provisions of the Lease, and for any default or breach of any of the terms and provisions of the Franchise Agreement. In the event of a breach or default by the Franchisee under the terms of the Lease, or, in the event the Franchisor makes any payment to the Lessor as a result of the Franchisee’s breach of the Lease, then such payment by the Franchisor, or such breach or default by the Franchisee, shall at Franchisor’s option be deemed to be an immediate default under the Franchise Agreement, and the Franchisor shall be entitled to the possession of the Site and to all of the rights, title and interest of the Franchisee in and to the Lease and to all other remedies described herein or in the Franchise Agreement or at law or in equity, without prejudice to any other rights or remedies of the Franchisor under any other Agreements or under other applicable laws or equities. This Assignment shall constitute a lien on the interest of the Franchisee in and to the Lease until

satisfaction in full of all amounts owed by the Franchisee to the Franchisor. In addition, the rights of the Franchisor to assume all obligations under the Lease provided in this Assignment are totally optional on the part of the Franchisor, to be exercised in its sole discretion. Franchisee agrees to execute any and all Uniform Commercial Code financing statements and all other documents and instruments deemed necessary by Franchisor to perfect or document the interests and assignments granted herein.

4. **Amended Terms.** Notwithstanding anything contained in the Lease to the contrary, the following terms are hereby incorporated and shall control:

- (a) The Lease shall not expire until the term of the Franchise Agreement expires. During the term of the Lease, the Premises shall be used only for a SLICE HOUSE BY TONY GEMIGNANI~~TM~~<sup>®</sup> Restaurant;
- (b) If Franchisor or its designee assumes the Lease, Franchisor (or its designee) shall not be responsible for any of Franchisee's debts or obligations to the Lessor that Franchisee incurred before the date of the assumption;
- (c) If Franchisor assumes the Lease, the Lessor waives any administrative, assignment, or transfer fee that the Lease may otherwise require following an assignment or assumption;
- (d) During the term of the Lease, the Lessor agrees to sign and deliver to Franchisee or Franchisor, within a reasonable number of days after a request from Franchisee or Franchisor (to be specified in the Lease), an estoppel certificate certifying that the Lease is in full force and effect, is unmodified, or if modified, describing the modification and that there are no defaults under the Lease, or if there are defaults claimed, describing the claimed defaults, the dates to which all rentals have been paid; and any other matters reasonably requested by Lessee or Franchisor;
- (e) During the term of the Lease and extensions of that term, the Lessor grants Franchisee the exclusive right to operate a restaurant deriving more than 25% of its revenue from the sale of pizza in the shopping center in which the Premises is located;
- (f) The Lessor consents to Franchisee's use of the required colors, dimensions, and design for the SLICE HOUSE BY TONY GEMIGNANI~~TM~~<sup>®</sup> trade name and logo that Franchisee is required to use on the Leased premises' exterior and interior signs;
- (g) Franchisee is prohibited from subletting or assigning (except to Franchisor) all or any part of Franchisee's occupancy rights under the Lease, extending the term of the Lease, or renewing the Lease without Franchisor's prior written consent;
- (h) Franchisor or its appointed representatives have the right to enter the Leased premises to make any modification necessary to protect

Franchisor's trademarks or to cure any default under the Franchise Agreement or the Lease;

- (i) The Lessor shall give written notice to Franchisor (concurrently with the giving of such notice to Lessee), of any default by Lessee under the Lease and Franchisor shall have, after expiration of the period during which Lessee may cure such default, an additional thirty (30) days to cure, at its sole option, any such default;
- (j) All notices to be given under the Lease shall be in writing and delivered personally or deposited in the United States Mail, certified or registered mail with return receipt requested, postage prepaid, addressed as follows:

Lessor: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Lessee: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Franchisor: SLICE HOUSE FRANCHISING, LLC  
Attention: Mr. Trevor Hewitt  
2505 Anthem Village Drive  
Suite E21  
Henderson, Nevada 89052  
e-mail: trevor@slicehouse.com

or to such other person or such other address designated by notice sent by Lessor, Lessee, or Franchisor. Notice delivered personally shall be effective upon delivery and notice by mail shall be deemed to be effective on the second day following the date on which the notice was deposited in the United States Mail as provided in this paragraph.

5. **No Subordination:** The Franchisee shall not permit the Lease to become subordinate to any lien without first obtaining Franchisor's written consent, other than the lien created by this Assignment, the Franchise Agreement, the Lessor's lien under the Lease, liens securing bank financing for the operations of Franchisee on the Site and the agreements and other instruments referenced herein. The Franchisee will not terminate, modify or amend any of the provisions or terms of the Lease without the prior written consent of the Franchisor. Any attempt at termination, modification or amendment of any of the terms without such written consent is null and void.

6. **Exercise of Remedies:** In any case of default by the Franchisee under the terms of the Lease or under the Franchise Agreement, the Franchisor shall be entitled to exercise any one or more of the following remedies in its sole discretion:

- a. to take possession of the Site, or any part thereof, personally, or by its agents or attorneys;
- b. to, in its discretion, without notice and with or without process of law, enter upon and take and maintain possession of all or any part of the Site, together with all furniture, fixtures, inventory, books, records, papers and accounts of the Franchisee;
- c. to exclude the Franchisee, its agents or employees from the Site;
- d. as attorney-in-fact for the Franchisee, or in its own name, and under the powers herein granted, to hold, operate, manage and control the SLICE HOUSE BY TONY GEMIGNANI<sup>TM®</sup> Restaurant and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, legally rectifiable, as in its discretion may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, hereby granting full power and authority to the Franchisor to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter;
- e. to cancel or terminate any unauthorized agreements or subleases entered into by the Franchisee, for any cause or ground which would entitle the Franchisor to cancel the same;
- f. to disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Site or the Site that may seem judicious, in the sole discretion of the Franchisor; and
- g. to insure and reinsure the same for all risks incidental to the Franchisor's possession, operation and management thereof; and/or
- h. notwithstanding any provision of the Franchise Agreement to the contrary, to declare all of the Franchisee's rights but not obligations under the Franchise Agreement to be immediately terminated as of the date of the Franchisee's default under the Lease.

7. **Power of Attorney:** The Franchisee does hereby appoint irrevocably the Franchisor as its true and lawful attorney-in-fact in its name and stead and hereby authorizes it, upon any default under the Lease or under the Franchise Agreement, with or without taking possession of the Site, to rent, lease, manage and operate the Site to any person, firm or corporation upon such terms and conditions in its discretion as it may determine, and with the same rights and powers and immunities, exoneration of liability and rights of recourse and indemnity as the Franchisor would have upon taking possession of the Site pursuant to the provisions set forth in the Lease. The power of attorney conferred upon the Franchisor pursuant to this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without the written consent of the Franchisor.

8. **Election of Remedies:** It is understood and agreed that the provisions set forth in this Assignment are deemed a special remedy given to the Franchisor and are not deemed to exclude any of the remedies granted in the Franchise Agreement or any other agreement between the Franchisor and the Franchisee, but are deemed an additional remedy and shall be cumulative with the remedies therein and elsewhere granted to the Franchisor, all of which remedies are enforceable concurrently or successively. No exercise by the Franchisor or any of the rights hereunder will cure, waiver or affect any default hereunder or default under the Franchise Agreement. No inaction or partial exercise of rights by the Franchisor will be construed as a waiver of any of its rights and remedies and no waiver by the Franchisor of any such rights and remedies shall be construed as a waiver by the Franchisor of any future rights and remedies.

9. **Binding Agreements:** This Assignment and all provisions hereof shall be binding upon the Franchisor and the Franchisee, their successors, assigns and legal representatives and all other persons or entities claiming under them or through them, or either of them, and the words “Franchisor” and “Franchisee” when used herein shall include all such persons and entities and any others liable for payment of amounts under the Lease or the Franchise Agreement. All individuals executing on behalf of corporate entities hereby represent and warrant that such execution has been duly authorized by all necessary corporate and shareholder authorizations and approvals.

10. **Assignment to Control:** This Assignment governs and controls over any conflicting provisions in the Lease.

11. **Attorney’s Fees, Etc.:** In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment, the prevailing party will be entitled to recover its attorneys’ fees, costs and expenses relating to any trial or appeal (including, without limitation, paralegal fees) or arbitration or bankruptcy proceeding from the non-prevailing Party.

12. **Severability.** If any of the provisions of this Assignment or any section or subsection of this Assignment shall be held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected thereby and will remain in full force and effect in accordance with its terms.

<Signatures on Following Page>

**IN WITNESS WHEREOF**, the Parties have caused this Assignment to be executed as of the day and year first above written.

FRANCHISOR:

SLICE HOUSE FRANCHISING, LLC,  
a Nevada limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

The Lessor hereby consents, agrees with, approves of and joins in with this **CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE**.

**“LESSOR”:**

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT 8 TO THE FRANCHISE AGREEMENT**

**ELECTRONIC FUNDS TRANSFER FORM**

**AUTHORIZATION AGREEMENT FOR DIRECT WITHDRAWALS  
(EFT DEBITS)**

I (we) hereby authorize SLICE HOUSE FRANCHISING, LLC, hereinafter called the "COMPANY", to initiate debit entries and to initiate, if necessary, credit entries and adjustments for any credit entries in error to my (our) primary operating account at the depository financial institution, hereinafter called DEPOSITORY, and to credit the same to such account. I (we) understand that we will receive notification of such debits to our account if we provide a direct fax number or e-mail address below, or otherwise it shall be by ordinary mail. I (we) agree to reimburse the COMPANY for all costs or expenses it may incur if we do not have sufficient funds in the account on the date of the scheduled debit or on any future attempted debit of that amount. I (we) understand that our failure to have such necessary funds in the account on the scheduled due date is evidence of non-payment, and that the COMPANY may proceed to take any action it deems necessary to collect a debt due to our failure to pay or to have such sufficient funds on account for payment of the debt.

DEPOSITORY

NAME \_\_\_\_\_

CITY \_\_\_\_\_

STATE \_\_\_\_\_

ROUTING NO. \_\_\_\_\_

ACCOUNT NO. \_\_\_\_\_

Attach a voided check for verification.

I understand that this is a continuing authorization for the COMPANY to initiate debit transactions to my account listed above upon my written or verbal authorization. This authorization is to remain in full force and effect until the COMPANY has received written notification from me (or either of us) of its termination in such time and in such manner as to afford the COMPANY and DEPOSITORY a reasonable opportunity to act on it.

Franchise Company Name \_\_\_\_\_

Authorized Signer(s)

Signer 1 \_\_\_\_\_ or \_\_\_\_\_  
Signer 2 \_\_\_\_\_

Printed Name \_\_\_\_\_ Printed Name \_\_\_\_\_

Date \_\_\_\_\_ Fax No. \_\_\_\_\_

E-mail Address \_\_\_\_\_

**EXHIBIT 9 TO THE FRANCHISE AGREEMENT**

**CONVERSION ADDENDUM - STANDARD**

## CONVERSION ADDENDUM - STANDARD

**THIS CONVERSION ADDENDUM TO THE FRANCHISE AGREEMENT** (this “Addendum”) is effective as of \_\_\_\_\_, 20\_\_ (the “Effective Date”) by and between SLICE HOUSE FRANCHISE, LLC, a Nevada limited liability company (“Franchisor”), and \_\_\_\_\_

, a/an \_\_\_\_\_ (the “Company” or “Franchisee”). This Addendum supplements the Franchise Agreement of even date herewith (the “Agreement”) by and between the parties.

### **RECITALS**

A. The Company operates a restaurant under the name of \_\_\_\_\_ (the “Existing Business”) located at \_\_\_\_\_ (the “Existing Premises”).

B. Company has applied to become a franchisee under Franchisor’s conversion program, and Franchisor has agreed to award a franchise to Company under which the Existing Business will be converted to a Franchised Business and operated from the Existing Premises in accordance with the terms of this Addendum.

C. Concurrently with this Addendum, Company and Franchisor are entering into an Agreement of even date in connection with the Franchised Business.

### **AGREEMENT**

1. **Incorporation and Precedence; Entire Agreement; Recitals; Defined Terms.** This Addendum is an integral part of, and is incorporated into, the Agreement, and governs, controls and supersedes any inconsistent or conflicting terms of the Agreement. Company acknowledges and agrees that the above recitals are true and correct and are incorporated into this Addendum for all purposes. All capitalized terms not defined in this Addendum have the meaning given to them in the Agreement.

2. **Accepted Location.** Franchisor approves the Existing Premises for the operation of the Franchised Business at the Accepted Location.

3. **Amendment to the Agreement.** The Agreement is modified as follows:

a. **Equipment Purchases.** Franchisor may, in its sole discretion, waive certain of the requirements to purchase new equipment in connection with the Franchised Business based on the equipment used in the Existing Business. Without limiting the foregoing or any other provision of the Agreement, Franchisee acknowledges that any such existing equipment must be approved in writing by Franchisor before Franchisee may continue to use such equipment in the Franchised Business. Franchisee acknowledges and agrees that equipment such as, without limitation, ovens, mixers and reverse osmosis systems, must be compatible with the System and recipes.

b. **Re-Opening Timeline.** Sections 5.9 and 5.10 of the Franchise Agreement are hereby amended to require that Franchisee re-open its Existing Business as a Franchised Business no later than thirty (30) days after the Effective Date. If Franchisee fails to re-open within this time period, then Franchisor may terminate the Franchise Agreement.

4. **Counterparts.** This Addendum may be signed in one or more counterparts, each of which will be deemed an original and together will constitute one and the same instrument. Facsimile or electronic (including PDF) scanned signatures will have the same force and effect as originals.

5. **Transfer and Assignment.** The Company's rights granted under this Addendum are personal to it and may not be transferred or assigned under any circumstances, and any attempt to do so will render it void; although the remainder of the Agreement will remain in effect, the changes in this Addendum will no longer apply.

6. **Termination.** For the avoidance of doubt, if the Agreement terminates, non-renews or expires, then all of Company's rights under this Addendum end effective as of the same date of termination, non-renewal or expiration of the Agreement.

Intending to be bound, the parties sign and deliver this Addendum as of the Effective Date.

**FRANCHISOR:**  
**SLICE HOUSE FRANCHISE, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT C TO THE DISCLOSURE DOCUMENT**

**Slice House Franchising, LLC**

**DEVELOPMENT AGREEMENT**

**SLICE HOUSE FRANCHISING, LLC - AREA DEVELOPMENT AGREEMENT**



\_\_\_\_\_  
AGREEMENT DATE

\_\_\_\_\_  
NAME OF DEVELOPER

\_\_\_\_\_  
DEVELOPMENT AREA

NOTICE ADDRESS  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**THIS AGREEMENT REQUIRES CERTAIN DISPUTES  
TO BE SUBMITTED TO BINDING ARBITRATION**

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Ex. A Development Area and Development Schedule

**SLICE HOUSE FRANCHISING, LLC**  
**AREA DEVELOPMENT AGREEMENT**

**THIS AREA DEVELOPMENT AGREEMENT** (the “**Agreement**” or “**Area Development Agreement**”) is made and entered into on \_\_\_\_\_ (the “**Effective Date**”), by and between **SLICE HOUSE FRANCHISING, LLC**, a Nevada limited liability company (hereinafter, “**we**,” “**us**” or “**our**”); and \_\_\_\_\_ a \_\_\_\_\_ with its principal business address at the address set forth in Exhibit A (the “**Developer**,” “**you**” or “**your**”).

**RECITALS:**

A. Through the expenditure of considerable time and effort, we have developed a distinctive system for the development and operation of a SLICE HOUSE BY TONY GEMIGNANI® restaurant (individually referred to as a “**SLICE HOUSE BY TONY GEMIGNANI® Restaurant**” and collectively referred to as “**SLICE HOUSE BY TONY GEMIGNANI® Restaurants**”), which offers fresh, unique, high quality gourmet pizza in several different styles sold by the slice and full pies including, without limitation, Classic, American, Italian, Sicilian and Neapolitan pizzas made with artisan flour, authentic sauces and seasonal ingredients; antipasti, meatballs, meatball subs, garlic bread, wings, pastas, salads, and other deli favorites together with hot and cold beverages, including, without limitation, bottled beer, wine and local draft beer along with other beverages under the SLICE HOUSE BY TONY GEMIGNANI® name and Marks (as defined below) (the “**Franchised Restaurant**”).

B. In addition to the trade name and service mark “**SLICE HOUSE BY TONY GEMIGNANI®**” and certain other Proprietary Marks, the distinguishing characteristics of the System include: (a) uniform standards and procedures for efficient business operations; (b) procedures and strategies for marketing, advertising and promotion; (c) customer service and development techniques; (d) distinctive interior and exterior design, layout and décor; (e) other strategies, techniques and Trade Secrets and other Confidential Information; and (f) the Confidential Manual, all of which may be updated from time to time (the “**System**”).

C. We use, promote and license certain trade names, trademarks, service marks and/or indicia of origin identified by Franchisor, as well as such other marks as may be designated by Franchisor (collectively, the “**Marks**”).

D. You wish to obtain certain rights to develop multiple SLICE HOUSE BY TONY GEMIGNANI® Restaurants under the System and wishes to enter into this Agreement, and to enter into a Franchise Agreement with us for each SLICE HOUSE BY TONY GEMIGNANI® Restaurant, for that purpose.

In consideration of the foregoing and the mutual promises and commitments set forth in this Agreement, the parties agree as follows:

**1 GRANT**

1.1 *Rights; Obligations.* Pursuant to the terms and conditions of this Agreement, we hereby grant to you the right (and you hereby accept the obligation) to develop the specific number of SLICE HOUSE BY TONY GEMIGNANI® Restaurants in a certain geographic area (the “**Development Area**”) and according to the development schedule (the “**Development Schedule**”), all as set forth in Exhibit A to this Agreement. Each SLICE HOUSE BY TONY GEMIGNANI® Restaurant developed under this Agreement must be established and operated pursuant to a

separate Franchise Agreement with us (each, a “**Franchise Agreement**”) that must be executed as provided in Section 3.1 below.

- 1.2 *Development Area.* If you are in full compliance with all of the provisions of this Agreement, and all of the Franchise Agreements referenced in this Agreement, then during the term of this Agreement, we will grant to you a “**Development Area**” for the SLICE HOUSE BY TONY GEMIGNANI® Restaurants to be opened under your Development Schedule. During the term of this Agreement, we will not open or operate, or grant to another the right to open or operate, a SLICE HOUSE BY TONY GEMIGNANI® Restaurant in the Development Area.
- 1.3 *Our Reserved Rights.* Except as otherwise specifically provided in Section 1.2 above, we retain all other rights, and may, among other things, on any terms and conditions we deem advisable, and without granting you any rights therein: (i) use the Marks and System in connection with ancillary services and products, promotional and marketing efforts or related items, or in any alternative channels of distribution, without regard to location; (ii) acquire, be acquired by, merge with, engage in joint ventures with, or otherwise affiliate with, and thereafter own and operate and franchise others the right to own and operate, any business of any kind, including businesses that offer products or services that are similar to, or the same as, those provided by a SLICE HOUSE BY TONY GEMIGNANI® Restaurant and convert said businesses to SLICE HOUSE BY TONY GEMIGNANI® Restaurants, without regard to location; (iii) establish, and license others to establish, SLICE HOUSE BY TONY GEMIGNANI® Restaurants using the Marks at any location outside of the Protected Area; (iv) develop new business systems using the Marks and grant licenses to use those systems without providing any rights to you and without regard to location, so long as the business is not a Competitive Business; (v) the exclusive right to own and operate businesses under different marks inside or outside the Development Area, or license or grant to others the right to own and operate businesses under different marks inside the Development Area, so long as the business is not a Competitive Business; and (vi) to engage in any other activities not expressly prohibited in this Agreement. Nothing in this Agreement provides you with the right to conduct any of the foregoing activities, or to share in the revenue generated by any of these activities.
- 1.4 *Not a Franchise Agreement.* This Agreement is not itself a Franchise Agreement, and only sets the framework for the parties to enter into each of the Franchise Agreements under the Development Schedule. This Agreement does not grant to you any right to use in any manner our Marks or System separate from the rights granted under each Franchise Agreement. You have no right under this Agreement to license others to use in any manner the Marks or System.

## 2 DEVELOPMENT FEE

- 2.1 *Amount of Development Fee.* In consideration of the development rights granted herein, you must pay to us a development fee (the “**Development Fee**”) in an amount equal to ~~\$30,000~~\$35,000 for the first SLICE HOUSE BY TONY GEMIGNANI® Restaurant as the Initial Franchise Fee, plus a reduced Initial Franchise Fee of ~~\$24,000~~\$28,000 for each SLICE HOUSE BY TONY GEMIGNANI® Restaurant we grant you the right to develop after your first. The Total Development Fee will be set forth in **Exhibit A**. When you sign this Agreement, you must pay to us ~~\$30,000~~\$35,000, plus 50% of the reduced Initial Franchise Fees due for all SLICE HOUSE BY TONY GEMIGNANI® Restaurants we grant you the right to open. The remaining 50% of the reduced Initial Franchise Fee due for each SLICE HOUSE BY TONY GEMIGNANI®

Restaurant is payable when you sign the then-current franchise agreement for each SLICE HOUSE BY TONY GEMIGNANI® Restaurant.

- 2.2 *Development Fee is Non-Refundable.* The Development Fee is due in accordance with the above timeline, and is deemed earned and non-refundable upon your signing this Agreement. The Development Fee is paid to us in consideration of administrative and other expenses incurred by us and for the development opportunities lost or deferred as a result of the rights granted to you in this Agreement.

### 3 DEVELOPMENT OBLIGATIONS

- 3.1 *Establishment of SLICE HOUSE BY TONY GEMIGNANI® Restaurants.* Unless otherwise provided in **Exhibit A** to this Agreement, you must execute your first Franchise Agreement for the first SLICE HOUSE BY TONY GEMIGNANI® Restaurant developed under this Agreement at the time you execute this Agreement and the then-current version of our franchise agreement for each additional SLICE HOUSE BY TONY GEMIGNANI® Restaurant to be developed hereunder.
- 3.2 *Compliance with Development Schedule.* Recognizing that time is of the essence, you agree to satisfy the Development Schedule. Failure by you to adhere to the Development Schedule will constitute a default under this Agreement as provided in Section 6.2 below. In the event of such default, we have the rights provided in Section 6.2, below as well as the option to eliminate any exclusivity to your Development Area.
- 3.3 *Controlled Affiliate.* We, in our sole discretion, may approve you to use Controlled Affiliates to enter into Franchise Agreements contemplated under this Agreement. The term “**Controlled Affiliate**” means any corporation, limited liability company or other business entity of which you or one or more of your majority owners who are approved by us owns at least fifty-one percent (51%) of the total authorized ownership interests, and you or such owner(s) have the right to control the entity’s management and policies.

### 4 TERM

This Agreement terminates in its entirety on earlier of: (a) the last Opening Date specified in the Development Schedule, or (b) if terminated due to your breach of this Agreement or any of your Franchise Agreements. In addition, if you are unable to comply with any Opening Date defined in the Development Schedule, we may, in our sole discretion, terminate this Agreement in its entirety, or in part. In case of termination of this Agreement in its entirety, such termination will terminate all development rights in the Development Area(s), terminate the Development Areas and void the Development Schedule. In that instance, the terms of the Franchise Agreements, as without regard to this Agreement will control. You are not entitled to any refunds whatsoever if we terminate this Agreement or any Development Area.

### 5 DEFAULT AND TERMINATION

- 5.1 *Automatic.* You will be in default under this Agreement, and all rights granted herein will automatically terminate without notice to you, if (i) you become insolvent or make a general assignment for the benefit of creditors; (ii) a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; (iii) you are adjudicated a bankrupt or insolvent;

or if a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you; (iv) a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; (v) proceedings for a composition with creditors under any state or federal law should be instituted by or against you; (vi) a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless an appeal or a supersedeas bond is filed); (vii) you are dissolved; (viii) execution is levied against your business or property; (ix) suit to foreclose any lien or mortgage against the SLICE HOUSE BY TONY GEMIGNANI® Restaurant location or equipment is instituted against you and not dismissed within thirty (30) days; or (x) the real or personal property of your SLICE HOUSE BY TONY GEMIGNANI® Restaurant must be sold after levy thereupon by any sheriff, marshal, or constable.

5.2 *With Notice.* You will be in default and we may, at our option, terminate this Agreement and all rights granted hereunder without affording you any opportunity to cure the default, effective immediately upon the delivery of written notice to you by us (in the manner set forth under Section 9 below), upon the occurrence of any of the following events:

5.2.1 You fail to meet your obligations under the Development Schedule;

5.2.2 A Franchise Agreement for any SLICE HOUSE BY TONY GEMIGNANI® Restaurant operated by you (or a Controlled Affiliate) is terminated; or

5.2.3 You (and one or more Controlled Affiliates, if applicable) are in breach of your Franchise Agreement(s) on three (3) or more occasions in any twelve (12) month period, regardless of whether such breaches are under the same Franchise Agreement and whether such breaches are cured.

5.3 *With Notice and Ten Day Opportunity to Cure.* Upon the occurrence of any of the following events of default, we may, at our option, terminate this Agreement by giving written notice of termination (in the manner set forth under Section 9 below) stating the nature of the default to you at least ten (10) days prior to the effective date of termination; provided, however, that you may avoid termination by immediately initiating a remedy to cure such default, curing it to our satisfaction, and by promptly providing proof thereof to us within the ten (10) day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement will terminate without further notice to you, effective immediately upon the expiration of the ten (10) day period or such longer period as applicable law may require.

5.3.1 If you fail, refuse, or neglect promptly to pay any monies owing to us or our affiliates when due; or

5.3.2 If you fail to comply with applicable laws.

5.4 *With Notice and Thirty Day Opportunity to Cure.* Except as otherwise provided in Sections 6.1, 6.2 and 6.3, above, upon any other default by you of your obligations hereunder, we may terminate this Agreement by giving written notice of termination (in the manner set forth under Section 9 below) setting forth the nature of such default to you at least thirty (30) days before the effective date of termination; provided, however, that you may avoid termination by immediately initiating a remedy to cure such default, curing it to our satisfaction, and by promptly providing proof thereof to us within the thirty (30) day period. If any such default is not cured within the

specified time, or such longer period as applicable law may require, this Agreement and all rights granted hereunder (including but not limited to, the right to develop any new SLICE HOUSE BY TONY GEMIGNANI® Restaurants) must terminate without further notice to you effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require.

- 5.5 *Reduction or Elimination of Developer Rights.* In lieu of termination, we must have the right to reduce or eliminate all or only certain of your rights under this Agreement; and if you exercise this right, we must not have waived our right to, in the case of future defaults, exercise all other rights, and invoke all other provisions, that are provided in law and/or set out under this Agreement.
- 5.6 *Damages.* In addition to other remedies that we may have, if we terminate this Agreement as a result of your default of this Agreement, you must pay to us all costs and expenses we may incur related to such default and termination, including without limitation attorneys' fees and costs that we incur related to: (i) drafting notices, demands, and other documents related to such default and termination; (ii) obtaining decrees for specific performance; (iii) obtaining injunctive or other relief; (iv) collection of amounts owed; and (v) appeal. You must make those payments no later than ten (10) days after demand.
- 5.7 *Effect of Termination.* Upon termination or expiration of this Agreement, you must have no right to establish or operate any SLICE HOUSE BY TONY GEMIGNANI® Restaurants for which a Franchise Agreement has not been executed by us at the time of termination. Thereafter, we will be entitled to establish, and to license others to establish, SLICE HOUSE BY TONY GEMIGNANI® Restaurants in the Development Area (except as may be otherwise provided under any Franchise Agreement that has been executed between us and you).
- 5.8 *Cross-Default.* No default under the Development Schedule under this Agreement will constitute a default under any Franchise Agreement between the parties hereto. However, a default or breach of any of the Franchise Agreements is a breach and default under this Agreement any default under Section 7.2, and 8 of this Agreement constitutes a default under each of the Franchise Agreements.
- 5.9 *Non-Exclusive Rights.* No remedy herein conferred upon or reserved to us is exclusive of any other remedy provided or permitted by law or equity.

## **6 TRANSFERS**

- 6.1 *By Us.* This Agreement and all rights and duties hereunder may be freely assigned or transferred by us, in whole or in part, without your consent or notice thereto, to any person or legal entity that agrees to assume our obligations hereunder, including a competitor of Franchisor, and shall be binding upon and inure to the benefit of our successors and assigns including, without limitation, any entity which acquires all or a portion of the capital stock of us or any entity resulting from or participating in a merger, consolidation or reorganization in which Franchisor is involved, and to which our rights and duties hereunder (in whole or in part), are assigned or transferred.
- 6.2 *By You.* Our prior written consent is a necessary condition precedent to any direct or indirect sale, assignment, delegation, transfer, conveyance, gift, pledge, mortgage, encumbrance, or

hypothecation of any direct, indirect, or beneficial interest of (i) you; (ii) this Agreement; or (iii) your rights and obligations under this Agreement (collectively, the “**Transfer**”). As a condition to its consent to a Transfer, we may require that (a) the proposed Transfer under this Agreement is made in conjunction with a simultaneous transfer of all comparable interests held by the transferor under all the Franchise Agreements executed pursuant to this Agreement; and (b) you have satisfied any and all of the conditions and requirements for transfers set forth in the form of the Franchise Agreement that you deem applicable to a proposed transfer under this Agreement.

- 6.3 *Consent to Transfer.* Our consent to a transfer which is the subject of this Section 6 must not constitute a waiver of any claims it may have against the transferring party arising prior to the transfer, nor must it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferor with respect to any claims prior to the transfer or transferee thereafter.

## 7 NOTICES

- 7.1 Any and all notices required or permitted under this Agreement must be in writing and must be: (i) personally delivered; (ii) mailed by certified or registered mail, return receipt requested; or (iii) delivered by overnight courier service, such as UPS, Federal Express, or DHL, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to us:

SLICE HOUSE FRANCHISING, LLC  
Attn: Trevor Hewitt  
2505 Anthem Village Dr.  
Suite E21  
Henderson, Nevada 89052  
e-mail: trevor@pizzarock.com

Notices to you:

\_\_\_\_\_  
ATTN: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Phone: \_\_\_\_\_

- 7.2 Any notice delivered under Section 7.1 of this Agreement must be deemed to have been given on the earlier of: (i) the date and time of receipt; (ii) five (5) business days after being mailed by certified or registered mail, return receipt requested; (iii) the next business day after having been deposited with an overnight courier service for next business day delivery; or (iv) the intended recipient’s failure or refusal to accept delivery.

## 8 PERMITS AND COMPLIANCE WITH LAW; INDEPENDENT CONTRACTOR AND INDEMNIFICATION

- 8.1 *Compliance with Law.* You must comply with all federal, state, and local laws, rules, and regulations, and must timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business contemplated under this Agreement. To the extent that the requirements of these laws are in conflict with the terms of this Agreement or our other instructions, you must: (a) comply with these laws; and (b) immediately provide written notice describing the nature of such conflict to us.
- 8.2 *Independent Contractor Relationship.* It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them; that you must be an independent contractor; and, that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever.
- 8.3 *Notice of Status.* At all times during the term of this Agreement, you must hold yourself out to the public in connection with the business described in this Agreement as an independent contractor operating the business pursuant to this Agreement with us. You agree to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place within your offices, the content of which we reserve the right to specify.
- 8.4 *No Contracts in Our Name.* It is understood and agreed that (i) nothing in this Agreement authorizes you to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in our name; (ii) we will not assume liability for, or be deemed liable hereunder as a result of, any such action; and (iii) we will not be liable by reason of any act or omission of you in your operations hereunder, or for any claim or judgment arising therefrom against you.
- 8.5 *Indemnification.* You must protect, defend, indemnify, and hold Franchisor and its Affiliates, and their respective directors, officers, employees, agents, independent contractors, consultants, attorneys and shareholders (“**Franchisor Indemnitees**”) jointly and severally harmless from and against, and promptly to reimburse, or pay when invoiced (as determined by Franchisor in its discretion) Franchisor Indemnitees for, all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities consequently, directly or indirectly incurred (including without limitation reasonable attorneys’ fees, court costs and costs of investigation) as a result of, arising out of, or connected with (i) your breach of any of the covenants, representations, warranties or terms of this Agreement; (ii) the use of the Marks and other proprietary materials in an unauthorized manner; (iii) your operation of the business granted hereunder; (iv) any professional or other negligence on the part of you or your Affiliates, or any of their respective directors, officers, agents, shareholders, employees, contractors, subcontractors, servants, licensees or invitees; (v) the transfer of any interest in this Agreement or the business granted hereunder in any manner not in accordance with this Agreement; (vi) the infringement, alleged infringement, or any other violation or alleged violation by you or any of your officers, managers, directors, employees, and independent contractors of any patent, mark or copyright or other proprietary right owned or controlled by third parties; or (vii) libel, slander or any other form of defamation of Franchisor, the System or any franchisee or developer operating under the System, by you or any of your officers, managers, directors, employees, and independent contractors. We will have the right to defend or settle any such claim against us in such manner as we deem appropriate, in

our sole discretion; provided, however, that such an undertaking by us will, in no manner or form, diminish your obligation to indemnify the Franchisor Indemnitees and to hold them harmless.

## **9 APPROVALS AND WAIVERS**

- 9.1 *Request for Approval.* Whenever this Agreement requires our prior approval or consent, you must make a timely written request to us therefor, and such approval or consent must be obtained in writing.
- 9.2 *No Warranties or Guarantees.* You acknowledge and agree that we make no warranties or guarantees, and assume no liability or obligation to you, by providing any waiver, approval, consent, or suggestion to you in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.
- 9.3 *No Waivers.* No delay, waiver, omission, or forbearance on our part to exercise any right, option, duty, or power arising out of any breach or default by you under any of the terms, provisions, covenants, or conditions of this Agreement, and no custom or practice by the parties at variance with the terms of this Agreement, must constitute a waiver by us to enforce any such right, option, duty, or power as against you, or as to subsequent breach or default by you. Subsequent acceptance by us of any payments due to us hereunder or under any other agreement must not be deemed to be a waiver by us of any preceding or succeeding breach by you of any terms, provisions, covenants, or conditions of this Agreement.

## **10 ENTIRE AGREEMENT AND AMENDMENT**

This Agreement and the exhibits referred to herein constitute the entire, full, and complete Agreement between us and you concerning the subject matter hereof, and supersede all prior agreements, no other representations having induced you to execute this Agreement. Notwithstanding the foregoing, nothing in this Agreement must disclaim or require you to waive reliance on any representation that we made in the most recent franchise disclosure document (including its exhibits and amendments) that we delivered to you or your representative, subject to any agreed-upon changes to the contract terms and conditions described in that disclosure document and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement). No amendment, change, or variance from this Agreement must be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

## **11 SEVERABILITY AND CONSTRUCTION**

- 11.1 *Severability.* Except as expressly provided to the contrary herein, each portion, section, part, term, and/or provision of this Agreement must be considered severable; and if, for any reason, any section, part, term, and/or provision herein 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 must not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible; and the latter must continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms, and/or provisions must be deemed not to be a part of this Agreement.

- 11.2 *No Third Party Rights.* Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor must be deemed, to confer upon any person or legal entity other than you, us, and such of your and our respective successors and assigns as may be contemplated (and, as to you, permitted) by Section 7 hereof, any rights or remedies under or by reason of this Agreement.
- 11.3 *Construction.* You expressly agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.
- 11.4 *Definition of Terms.* All capitalized terms not defined herein must have the meaning ascribed to them in the Franchise Agreement.
- 11.5 *Headings.* All captions in this Agreement are intended solely for the convenience of the parties, and no caption must be deemed to affect the meaning or construction of any provision hereof.
- 11.6 *Amendment; Ratification.* This Agreement amends, modifies, and supersedes the terms of, and is an integral part of each of the Franchise Agreements indicated in the Development Schedule. Except as otherwise indicated in this Agreement, all other terms and conditions of the Franchise Agreements remain unmodified and in full force and effect. Terms of the introduction are integral parts of this Agreement.
- 11.7 *Survival.* All provisions of this Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Agreement, must so survive the expiration and/or termination of this Agreement.

## **12 APPLICABLE LAW AND DISPUTE RESOLUTION**

- 12.1 *Notice of Dispute.* In the event that you claim that we have failed to meet any obligation under this Agreement, you will provide us with written notice of such claim within one (1) year of its occurrence, specifically enumerating all alleged deficiencies and providing us with an opportunity to cure, which shall in no event be less than thirty (30) days from the date of receipt of such Notice by us from you. FAILURE TO GIVE SUCH NOTICE SHALL CONSTITUTE A WAIVER OF ANY SUCH ALLEGED DEFAULT AND SHALL PRECLUDE ANY CLAIM FOR DAMAGES.
- 12.2 *Internal Dispute Resolution.* You must first bring any claim or dispute between you and us to our President. We must respond to a notice of dispute within ten (10) days of receipt or otherwise it is deemed denied. You must exhaust this internal dispute resolution procedure before you may bring your dispute before a third party. You agree that we have sixty (60) days to attempt to resolve your claim or dispute with internal dispute resolution (the “**IDR Period**”). This agreement to first attempt internal dispute resolution will survive the term of this Agreement.
- 12.3 *Mediation.* Any disputes and claims arising out of or relating to this Agreement, the rights and obligations of the parties hereto, third-party beneficiaries, and/or any guarantors and/or transferees of this Agreement, or any claims between any of the above listed parties, or any other

claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement or that is any way related to the business granted hereunder, that are not resolved in internal dispute resolution must be submitted to non-binding mediation conducted before a sole neutral mediator referred by the American Arbitration Association (“AAA”) in accordance with its Commercial Mediation Procedures before being brought to arbitration. Mediation will be conducted in Henderson, Nevada. The parties shall each bear all of their own costs of mediation; provided, however, the fees of the mediator shall be divided equally between you and us. The mediator will be disqualified as a witness, expert or counsel for any party with respect to the dispute and any related matter. Mediation is a compromise negotiation and will constitute privileged communications under the law governing this Agreement. The entire mediation process will be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties will not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission as a result of its use in the mediation. We will notify you of our election to submit any dispute to non-binding mediation within thirty (30) days of the end of the IDR Period or at the time we provide you with notice of a dispute, claim, or alleged cause of action, as applicable.

#### 12.4 *Arbitration.*

12.4.1 THIS AGREEMENT EVIDENCES A TRANSACTION INVOLVING COMMERCE AND, THEREFORE, THE FEDERAL ARBITRATION ACT, TITLE 9 OF THE UNITED STATES CODE IS APPLICABLE TO THE SUBJECT MATTER CONTAINED HEREIN. EXCEPT FOR CONTROVERSIES OR CLAIMS RELATING TO THE OWNERSHIP OF ALL INTELLECTUAL PROPERTY RIGHTS, INCLUDING, BUT NOT LIMITED TO, THE MARKS, ANY COPYRIGHTS OR THE UNAUTHORIZED USE OR DISCLOSURE OF CONFIDENTIAL INFORMATION, COVENANTS AGAINST COMPETITION AND OTHER CLAIMS FOR INJUNCTIVE RELIEF, ALL DISPUTES ARISING OUT OF OR RELATING TO THIS AGREEMENT OR TO ANY OTHER AGREEMENTS BETWEEN THE PARTIES, OR WITH REGARD TO INTERPRETATION, FORMATION OR BREACH OF THIS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES, SHALL BE SETTLED BY BINDING ARBITRATION CONDUCTED IN HENDERSON, NEVADA, IN ACCORDANCE WITH THE COMMERCIAL ARBITRATION RULES OF THE AAA THEN IN EFFECT. THE PROCEEDINGS WILL BE HELD BY A SINGLE ARBITRATOR AGREED UPON BY THE PARTIES OR OTHERWISE APPOINTED BY THE DISTRICT COURT FOR THE STATE OF NEVADA. THE DECISION OF THE ARBITRATOR WILL BE FINAL AND BINDING UPON THE PARTIES. JUDGMENT UPON THE AWARD RENDERED BY THE ARBITRATOR MAY BE ENTERED IN ANY COURT HAVING PERSONAL AND SUBJECT MATTER JURISDICTION.

12.4.2 YOU ACKNOWLEDGE THAT YOU HAVE READ THE TERMS OF THIS BINDING ARBITRATION PROVISION AND AFFIRM THAT THIS PROVISION IS ENTERED INTO WILLINGLY AND VOLUNTARILY AND WITHOUT ANY FRAUD, DURESS OR UNDUE INFLUENCE ON THE PART OF US OR ANY OF OUR AGENTS, EMPLOYEES, OFFICERS OR DIRECTORS.

- 12.5 *Governing Law.* This Agreement is accepted by us in the State of Nevada and shall be governed by and construed in accordance with the laws thereof, which laws shall prevail in the event of any conflict of laws; provided, however, that if any provision of this Agreement would not be enforceable under the laws of the State of Nevada and the business granted hereunder is located outside of Nevada, then that provision shall be interpreted and construed under the laws of the state in which the business granted hereunder is located. Nothing in this Section is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation to which this Agreement would not otherwise be subject.
- 12.6 *Forum, Venue, and Jurisdiction.* **ANY ACTION BROUGHT BY EITHER PARTY EXCEPT THOSE CLAIMS REQUIRED TO BE SUBMITTED TO ARBITRATION, SHALL ONLY BE BROUGHT IN THE APPROPRIATE STATE COURT LOCATED IN OR SERVING HENDERSON, NEVADA. THE PARTIES WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSES OF CARRYING OUT THIS PROVISION. CLAIMS FOR INJUNCTIVE RELIEF MAY BE BROUGHT BY US WHERE YOU ARE LOCATED. THIS EXCLUSIVE CHOICE OF JURISDICTION AND VENUE PROVISION SHALL NOT RESTRICT THE ABILITY OF THE PARTIES TO CONFIRM OR ENFORCE JUDGMENTS OR ARBITRATION AWARDS IN ANY APPROPRIATE JURISDICTION.**
- 12.7 *Waivers.*
- 12.7.1 *Waiver of Class Action and Group Action.* Any arbitration or litigation arising out of or related to this Agreement must be conducted on an individual, not a class-wide or group, basis. No arbitration or litigation relating to this Agreement or to the System may be brought on behalf of any franchisee associations or groups, and you agree not to participate in any such litigation. No arbitration or litigation under this Agreement may be consolidated with any other litigation involving us and any other person without our prior written consent. Notwithstanding the foregoing or anything to the contrary contained in this Section 12, if any court or arbitrator determines that all or any part of this Section 12.7.1 is unenforceable with respect to a dispute that otherwise would be subject to arbitration under Section 12.4, then all parties agree that the arbitration clause shall not apply to that dispute and that such dispute shall be resolved in a judicial proceeding in a court permitted under Section 12.6 of this Agreement.
- 12.7.2 *Waiver of Trial By Jury.* TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS AGREEMENT AND ANY OTHER AGREEMENTS EXECUTED OR CONTEMPLATED TO BE EXECUTED IN CONNECTION HEREWITH, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (VERBAL OR WRITTEN) OR ACTION OF ANY PARTY IN CONNECTION WITH THIS AGREEMENT.
- 12.7.3 *Waiver of Punitive Damages.* You hereby waive to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against us arising out

of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that your recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

- 12.8 *No Limitation.* No right or remedy conferred on or reserved to us or you by this Agreement is intended to be, nor must be deemed, exclusive of any other right or remedy set forth in this Agreement or by law or equity provided or permitted, but each must be cumulative of every other right or remedy.
- 12.9 *Injunctive Relief.* We and our designee shall be entitled to obtain, without bond, temporary and permanent injunctions, and orders of specific performance, in order to enforce the provisions of this Agreement relating to your use of the Marks, your post-termination obligations, or to prohibit any act or omission by you that constitutes a violation of any applicable law or regulation or that, although not criminal, reflects adversely on the System, the Marks, or the Products offered through the System. If injunctive relief is granted, your only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, you expressly waive all claims for damages you incurred as a result of the wrongful issuance.
- 12.10 *Cost and Attorneys' Fees.* In the event any litigation or controversy arises out of or in connection with this Agreement between the parties hereto, the prevailing party shall be entitled to recover from the other party or parties all reasonable attorneys' fees, expenses and suit costs, including those associated with any appellate or post-judgment collection proceedings. In addition, if we incur costs and expenses due to your failure to pay when due amounts owed to us, to submit when due any reports, information, or supporting records, or otherwise to comply with this Agreement, you agree, even if we do not initiate a formal legal proceeding, to reimburse us for all of the costs and expenses that we incur, including, without limitation, reasonable accounting, attorneys', and related fees.

### 13 ACKNOWLEDGMENTS

**You hereby expressly acknowledge the following:**

- 13.1 YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT AND UNDERSTANDS AND ACKNOWLEDGES THAT THE BUSINESS CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS, MAKING THE SUCCESS OF THE VENTURE LARGELY DEPENDENT UPON THE BUSINESS ABILITIES AND PARTICIPATION OF YOU AND YOUR EFFORTS AS AN INDEPENDENT BUSINESS OPERATOR. YOU AGREE THAT NO CLAIMS OF SUCCESS OR FAILURE HAVE BEEN MADE TO IT PRIOR TO SIGNING THIS AGREEMENT AND THAT IT UNDERTAKES ALL THE TERMS AND CONDITIONS OF THIS AGREEMENT. THIS AGREEMENT CONTAINS ALL ORAL AND WRITTEN AGREEMENTS, REPRESENTATIONS AND ARRANGEMENTS BETWEEN THE PARTIES HERETO. ANY RIGHTS THAT THE RESPECTIVE PARTIES HERETO MAY HAVE HAD UNDER ANY OTHER PREVIOUS CONTRACTS RELATING TO THE SUBJECT MATTER HEREOF ARE HEREBY CANCELLED AND TERMINATED, AND NO REPRESENTATIONS OR WARRANTIES ARE MADE OR IMPLIED, EXCEPT AS

SPECIFICALLY SET FORTH HEREIN. THIS AGREEMENT CANNOT BE CHANGED, AMENDED OR MODIFIED EXCEPT IN WRITING SIGNED BY ALL PARTIES. FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND YOU ACKNOWLEDGE, THAT IT HAS NOT RECEIVED ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT.

- 13.2 YOU HAVE NO KNOWLEDGE OF ANY REPRESENTATIONS BY FRANCHISOR OR ITS OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES, AGENTS OR SERVANTS ABOUT THE BUSINESS CONTEMPLATED BY THIS AGREEMENT THAT ARE CONTRARY TO THE TERMS OF THIS AGREEMENT OR THE DOCUMENTS INCORPORATED HEREIN. YOU REPRESENT, AS AN INDUCEMENT TO OUR ENTRY INTO THIS AGREEMENT, THAT YOU HAVE MADE NO MISREPRESENTATIONS IN OBTAINING THIS AGREEMENT.
- 13.3 YOU ACKNOWLEDGE THAT WE OR OUR AGENT HAVE PROVIDED YOU WITH A FRANCHISE DISCLOSURE DOCUMENT NOT LATER THAN FOURTEEN (14) CALENDAR DAYS BEFORE THE EXECUTION OF THIS AGREEMENT OR THE PAYMENT OF ANY CONSIDERATION. YOU FURTHER ACKNOWLEDGE THAT YOU HAVE READ SUCH FRANCHISE DISCLOSURE DOCUMENT AND UNDERSTAND ITS CONTENTS. YOU ALSO ACKNOWLEDGE RECEIPT OF THIS AGREEMENT, WITH ALL BLANKS COMPLETED AND WITH ANY AMENDMENTS AND EXHIBITS, AT LEAST SEVEN (7) CALENDAR DAYS PRIOR TO EXECUTION OF THIS AGREEMENT.
- 13.4 YOU ACKNOWLEDGE THAT YOU HAVE HAD AMPLE OPPORTUNITY TO CONSULT WITH YOUR OWN ATTORNEYS, ACCOUNTANTS AND OTHER ADVISORS AND THAT THE ATTORNEYS FOR US HAVE NOT ADVISED OR REPRESENTED YOU WITH RESPECT TO THIS AGREEMENT OR THE RELATIONSHIP THEREBY CREATED.
- 13.5 YOU, TOGETHER WITH YOUR ADVISERS, HAVE SUFFICIENT KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS TO MAKE AN INFORMED INVESTMENT DECISION WITH RESPECT TO THE FRANCHISE.
- 13.6 YOU ARE AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE FRANCHISE OWNERS OF US MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT, AND CONSEQUENTLY THAT OUR OBLIGATIONS AND RIGHTS WITH RESPECT TO ITS VARIOUS FRANCHISE OWNERS MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES.
- 13.7 YOU REPRESENT AND WARRANT TO US THAT YOU: (I) UNDERSTAND FULLY THE TERMS OF THIS AGREEMENT (INCLUDING ALL OF ITS EXHIBITS) AND THE CONSEQUENCES OF THE EXECUTION AND DELIVERY OF THIS AGREEMENT; (II) HAVE BEEN AFFORDED AN OPPORTUNITY TO HAVE THIS AGREEMENT REVIEWED BY, AND TO DISCUSS THIS AGREEMENT AND ANY OTHER DOCUMENT EXECUTED IN CONNECTION HERewith WITH SUCH ATTORNEYS AND OTHER PERSONS AS FRANCHISEE MAY WISH; AND (III) HAVE ENTERED INTO THIS AGREEMENT AND EXECUTED AND DELIVERED ALL DOCUMENTS IN CONNECTION HERewith OF ITS OWN FREE WILL AND ACCORD AND WITHOUT THREAT, DURESS OR OTHER COERCION OF ANY KIND BY ANY PERSON OR ENTITY. THE PARTIES HERETO

ACKNOWLEDGE AND AGREE THAT NEITHER THIS AGREEMENT NOR THE OTHER DOCUMENTS EXECUTED PURSUANT HERETO SHALL BE CONSTRUED MORE FAVORABLY IN FAVOR OF ONE THAN THE OTHER BASED UPON WHICH PARTY DRAFTED THE SAME.

- 13.8 YOU ACKNOWLEDGE THAT THIS AGREEMENT (TOGETHER WITH ALL OF ITS EXHIBITS) CONSTITUTES THE ENTIRE AGREEMENT OF THE PARTIES. THIS AGREEMENT TERMINATES AND SUPERSEDES ANY PRIOR AGREEMENT BETWEEN THE PARTIES (WHETHER ORAL OR WRITTEN) CONCERNING THE SAME SUBJECT MATTER. NOTHING IN THIS OR IN ANY RELATED AGREEMENT, HOWEVER, IS INTENDED TO DISCLAIM THE REPRESENTATIONS WE MADE IN THE FRANCHISE DISCLOSURE DOCUMENT THAT WE FURNISHED TO YOU.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Agreement the date and year first written above.

**FRANCHISOR:**

**SLICE HOUSE FRANCHISING, LLC,**  
a \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**DEVELOPER:**

\_\_\_\_\_,  
a \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A**  
**DEVELOPMENT AREA AND DEVELOPMENT SCHEDULE**

1. Development Area. All SLICE HOUSE BY TONY GEMIGNANI® Restaurants developed under this Agreement must be located within the following boundaries:

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A map will be attached if the Development Area is segmented into a different Development Area per SLICE HOUSE BY TONY GEMIGNANI® Restaurant or is not a contiguous geographic area.

2. Development Schedule. Recognizing that time is of the essence, you agree to satisfy the development schedule set forth below:

| Number of SLICE HOUSE BY TONY GEMIGNANI® Restaurants                                         | Required Opening Date |
|----------------------------------------------------------------------------------------------|-----------------------|
|                                                                                              |                       |
|                                                                                              |                       |
|                                                                                              |                       |
|                                                                                              |                       |
| Total number of SLICE HOUSE BY TONY GEMIGNANI® Restaurants Under Development Schedule: _____ |                       |

This Development Schedule modifies any corresponding dates in each applicable Franchise Agreement if different from the standard Franchise Agreement. Strict compliance with the Development Schedule is the essence of this Agreement.

3. Total Development Fee: \_\_\_\_\_

**SLICE HOUSE FRANCHISING, LLC**

**[DEVELOPER]**

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT D TO THE DISCLOSURE DOCUMENT**

**Slice House Franchising, LLC**

**PREFERRED REAL ESTATE BROKERAGE OPT-IN AGREEMENT**

## PREFERRED REAL ESTATE BROKERAGE OPT-IN AGREEMENT

Slice House Franchising LLC ("Franchisor") has entered into an Exclusive Representation Agreement (the "Master Agreement") with Jones Lang LaSalle Brokerage, Inc. ("Supplier") for Supplier's to provide real estate brokerage services to the Slice House by Tony Gemignani® system (the "Services"). Franchisee is encouraged, but not required, to use the Services. If \_\_\_\_\_ ("Franchisee") would like to use the Services, however, execution of this Opt-In Agreement is required.

**NOW THEREFORE**, Franchisee acknowledges and agrees to the following:

1. Franchisee hereby acknowledges that it has read and accepts the Supplier Scope of Services, which have been provided in writing to Franchisee, and agrees to fully comply with the same as they may be amended from time to time by Supplier. Franchisee further acknowledges and understands that failure to comply with the Supplier Scope of Services may result in (i) suspension or termination of Franchisee's use of the Services, or (ii) a default under Franchisee's Franchise Agreement.
2. Franchisee acknowledges and agrees that its right to use the Services shall be coterminous with the term of the Master Agreement. Notwithstanding, the rights granted to Franchisee hereunder shall automatically terminate upon termination or expiration of its Franchise Agreement.
3. Franchisor makes no representation or warranty, express or implied, that the Services will meet Franchisee's requirements or that they will be uninterrupted, timely, secure, or error free; nor does Franchisor make any warranty as to the results that may be obtained from the use of the Services or as to the accuracy, completeness, timeliness, or reliability of any information, analysis or advice obtained through or provided by Supplier. Franchisee acknowledges and agrees that Franchisor shall not be responsible for any problems related to the Services, or any professional misfeasance, malfeasance or malpractice of Supplier, and that the Services are being provided to Franchisee "as-is".
4. Franchisee acknowledges and agrees that the indemnification provisions contained in the Franchise Agreement shall be applicable to any damages, costs or expenses that Franchisor may at any time, directly or indirectly, suffer, sustain or incur, arising out of, based upon or resulting from the breach by Franchisee of the Supplier Scope of Services.

Executed on \_\_\_\_\_ by:

FRANCHISEE:

\_\_\_\_\_

FRANCHISOR:

Slice House Franchising LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT ~~D~~E TO THE DISCLOSURE DOCUMENT**

**Slice House Franchising, LLC**

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**EXHIBIT ~~E~~F TO THE DISCLOSURE DOCUMENT**

**Slice House Franchising, LLC**

**FINANCIAL STATEMENTS**

**Financial Statements**

# **Slice House Franchising, LLC**

As of December 31, 2023, 2022, and 2021  
and For the Years Ended  
December 31, 2023 and 2022



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To the Members  
Slice House Franchising, LLC  
Henderson, Nevada

## **Independent Auditor's Report**

### **Opinion**

We have audited the accompanying financial statements of Slice House Franchising, LLC (the Company) which comprise the balance sheets as of December 31, 2023, 2022, and 2021 and the related statements of operations and changes in members' (deficit) equity and cash flows for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of the Company as of December 31, 2023, 2022, and 2021 and the results of its operations and its cash flows for the years ended December 31, 2023, and 2022, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole is 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

*GBQ Partners LLC*

Cincinnati, Ohio  
March 22, 2024

# SLICE HOUSE FRANCHISING, LLC

## Balance Sheets

December 31, 2023, 2022 and 2021

|                                                              | 2023                | 2022              | 2021             |
|--------------------------------------------------------------|---------------------|-------------------|------------------|
| <b>ASSETS</b>                                                |                     |                   |                  |
| <b>Current Assets</b>                                        |                     |                   |                  |
| Cash                                                         | \$ 400,525          | \$ 80,802         | \$ 90,644        |
| Accounts receivable                                          | 371,148             | 93,420            | -                |
| Prepaid expenses                                             | 10,429              | 2,128             | 6,250            |
| Current portion of deferred contract assets                  | 6,671               | -                 | -                |
| Total current assets                                         | 788,773             | 176,350           | 96,894           |
| <b>Deferred contract assets, net of current portion</b>      | 541,440             | 70,000            | -                |
| <b>TOTAL ASSETS</b>                                          | <b>\$ 1,330,213</b> | <b>\$ 246,350</b> | <b>\$ 96,894</b> |
| <b>LIABILITIES AND MEMBERS' (DEFICIT) EQUITY</b>             |                     |                   |                  |
| <b>Current Liabilities</b>                                   |                     |                   |                  |
| Accounts payable                                             | \$ 77,168           | \$ 44,707         | \$ 19,772        |
| Accrued expenses                                             | 5,795               | 16,162            | 9,900            |
| Current portion of deferred contract liabilities             | 19,875              | -                 | -                |
| Total current liabilities                                    | 102,838             | 60,869            | 29,672           |
| <b>Deferred contract liabilities, net of current portion</b> | 1,407,958           | 186,000           | -                |
| Total liabilities                                            | 1,510,796           | 246,869           | 29,672           |
| <b>Members' (Deficit) Equity</b>                             |                     |                   |                  |
| Members' units                                               | 300,000             | 300,000           | 240,000          |
| Accumulated deficit                                          | (480,583)           | (300,519)         | (172,778)        |
| Total members' (deficit) equity                              | (180,583)           | (519)             | 67,222           |
| <b>TOTAL LIABILITIES AND MEMBERS' (DEFICIT) EQUITY</b>       | <b>\$ 1,330,213</b> | <b>\$ 246,350</b> | <b>\$ 96,894</b> |

The accompanying notes are an integral part of the financial statements

# SLICE HOUSE FRANCHISING, LLC

## Statements of Operations and Changes in Members' Equity (Deficit)

### For the Years Ended December 31, 2023 and 2022

|                                                      | 2023                | 2022            |
|------------------------------------------------------|---------------------|-----------------|
| <b>Revenues</b>                                      |                     |                 |
| Royalty revenues                                     | \$ 584,080          | \$ 117,268      |
| Franchise fee revenue                                | 1,667               | -               |
| Other revenues                                       | 5,804               | -               |
| Total operating revenues                             | 591,551             | 117,268         |
| <b>Operating Expenses</b>                            |                     |                 |
| Advertising expense                                  | 181,807             | 90,270          |
| Payroll expense                                      | 42,366              | -               |
| Professional fees                                    | 222,380             | 88,346          |
| Operating expenses                                   | 130,062             | 66,393          |
| Total operating expenses                             | 576,615             | 245,009         |
| Income (loss) from operations                        | 14,936              | (127,741)       |
| <b>Other Income</b>                                  | 5,000               | -               |
| Net income (loss)                                    | 19,936              | (127,741)       |
| <b>Members' (Deficit) Equity - Beginning of Year</b> | (519)               | 67,222          |
| Member contributions                                 | -                   | 60,000          |
| Member distributions                                 | (200,000)           | -               |
| <b>Members' Deficit, End of Year</b>                 | <b>\$ (180,583)</b> | <b>\$ (519)</b> |

*The accompanying notes are an integral part of the financial statements*

# SLICE HOUSE FRANCHISING, LLC

## Statements of Cash Flows

### For the Years Ended December 31, 2023 and 2022

|                                                                                      | 2023              | 2022             |
|--------------------------------------------------------------------------------------|-------------------|------------------|
| <b>Cash Flows from Operating Activities</b>                                          |                   |                  |
| Net income (loss)                                                                    | \$ 19,936         | \$ (127,741)     |
| Adjustments to reconcile net income (loss) to net cash used in operating activities: |                   |                  |
| Accretion of deferred franchise fees                                                 | (1,667)           | -                |
| Amortization of deferred contract costs                                              | 350               | -                |
| (Increase) decrease in operating assets:                                             |                   |                  |
| Accounts receivable                                                                  | (1,728)           | (93,420)         |
| Prepaid expenses                                                                     | (8,301)           | 4,122            |
| Deferred contract assets                                                             | (478,461)         | (70,000)         |
| Increase (decrease) in operating liabilities:                                        |                   |                  |
| Accounts payable                                                                     | 32,461            | 24,935           |
| Accrued expenses                                                                     | (10,367)          | 6,262            |
| Deferred contract liabilities                                                        | 967,500           | 186,000          |
| Net cash provided by (used in) operating activities                                  | 519,723           | (69,842)         |
| <b>Cash Flows from Financing Activities</b>                                          |                   |                  |
| Member distributions                                                                 | (200,000)         |                  |
| Member contributions                                                                 | -                 | 60,000           |
| Net cash (used in) provided by financing activities                                  | (200,000)         | 60,000           |
| Net increase (decrease) in cash                                                      | 319,723           | (9,842)          |
| <b>Cash - Beginning of Year</b>                                                      | <b>80,802</b>     | <b>90,644</b>    |
| <b>Cash - End of Year</b>                                                            | <b>\$ 400,525</b> | <b>\$ 80,802</b> |

*The accompanying notes are an integral part of the financial statements*

# SLICE HOUSE FRANCHISING, LLC

## Notes to Financial Statements

December 31, 2023, 2022, and 2021



### Nature and Scope of Business

Slice House Franchising, LLC. (the Company), a Nevada limited liability company, was formed on July 8, 2021 (date of inception) for the purpose of selling Slice House By Tony Gemignani™ franchises.

The Company is a franchisor and enters into agreements with franchisees throughout the United States. Under the terms of the franchise agreements, franchisees will establish and operate Slice House By Tony Gemignani™ restaurants, a fast casual dining concept that features artisan pizza and complementary food, beverage and merchandise offerings. As of December 31, 2023, 2022, and 2021, there were five, one, and zero franchise locations in operation.

### Summary of Significant Accounting Principles

#### Basis of Presentation

The accompanying financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

#### Use of Estimates

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

#### Accounts Receivable

Royalties and brand marketing fund fees receivable are due from franchisees for weekly royalty and system development fees. The Company does not require collateral for its receivables. Receivables related to royalties amounted to \$95,148 and \$45,420 as of December 31, 2023 and 2022, respectively. There were no brand marketing fund receivables as of December 31, 2023 and 2022, respectively. The Company had a receivable related to initial franchise fees of \$276,000 and \$48,000 as of December 31, 2023 and 2022, respectively. The Company had no accounts receivable as of December 31, 2021.

The carrying amount of receivables is reduced by a valuation allowance for expected credit losses, as necessary, that reflects management's best estimate of the amount that will not be collected. This estimation takes into consideration historical experience, current conditions and, as applicable, reasonable supportable forecasts. Actual results could vary from the estimate. Accounts are charged against the allowance when management deems them to be uncollectible. Based on its assessment, management determined that the risk of credit loss was not material; therefore, there was no valuation allowance recorded as of December 31, 2023 and 2022.

*The accompanying notes are an integral part of the financial statements*

# SLICE HOUSE FRANCHISING, LLC

## Notes to Financial Statements

December 31, 2023, 2022, and 2021

### Summary of Significant Accounting Principles (continued)

#### Prepaid Expenses

Prepaid expenses consist of prepayments for insurance policies that cover future periods. Prepaid expenses are reduced when the expense is incurred.

#### Franchising and Revenue Recognition

At contract inception, the Company assesses the goods and services promised in contracts with customers and identifies a performance obligation for each promise to transfer to the customer a good or service (or a bundle of goods and services) that is distinct. To identify the performance obligations, the Company considers all the goods and services promised in the contract regardless of whether they are explicitly stated or are implied by customary business practices.

#### *Franchising and Development Fee Revenue*

The Company generates revenues from franchising through individual franchise agreements. When a new franchise is sold, the Company agrees to provide certain services to the franchisee including site selection territory, initial training, and new restaurant opening assistance, as well as other ongoing support and training.

The Company also receives revenue from multi-site development agreements signed with franchisees. Multi-site development agreements require the development of a specified number of restaurants within a defined geographic territory in accordance with a schedule of opening dates. Development schedules have benchmarks for the number of restaurants to be opened and in operation within certain intervals. Multi-site development agreements payments are received when the agreement is executed and are nonrefundable.

For new franchise restaurant openings, the Company's current franchise agreement requires the franchisee to pay an initial, non-refundable fee upon the signing of the agreement and continuing weekly royalty fees of 5% of gross revenues and brand marketing fund fees up to 3.0% of gross revenues (See *Brand Marketing Fund* note). The initial term of the franchise agreement is generally ten years. Revenue related to the initial franchise fee will be recognized ratably over the term of the related franchise agreement once the store has opened. As of December 31, 2023, there were 25 franchise agreements signed and 5 franchise stores open. As of December 31, 2023, there were an additional 75 units under development agreements.

Royalties and brand marketing fund fee revenues based on restaurant sales are recognized as earned by the Company on a daily basis.

# SLICE HOUSE FRANCHISING, LLC

## Notes to Financial Statements

December 31, 2023, 2022, and 2021

### Summary of Significant Accounting Principles (continued)

#### Franchising and Revenue Recognition (continued)

##### *Deferred Contract Assets and Liabilities*

The Company receives deposits from franchisees upon execution of their respective multi-site development and franchise agreements. The amounts received are recorded as deferred contract liabilities until the Company satisfies the requirements under the franchise and multi-site development agreements, as noted above. Incremental direct costs, such as commissions, are deferred and recognized when the related franchise fees are recognized. These incremental direct costs are included in deferred contract assets on the accompany balance sheets.

#### Brand Marketing Fund

The Company has established a marketing fund (Brand Marketing Fund) for advertising, marketing and public relations programs and materials on a system-wide basis. The Brand Marketing Fund is funded by contributions from franchised restaurants based on an established percentage of weekly restaurant gross revenues (typically 1% to 3%). Sales-based advertising fees are recognized as income when such revenues are earned by those franchisees. The Company agreed to waive brand marketing fees until there are 10 established franchised restaurants.

#### Advertising Expenses

The Company expenses all advertising costs as they are incurred. Total advertising costs for the year ended December 31, 2023 and 2022 were \$181,807 and \$90,270, respectively, and are included in advertising expense in the accompanying statement of operations and changes in members' equity (deficit).

#### Income Taxes

The Company, with the consent of its members, elected to be taxed as a partnership. In accordance with the provisions of this election, the Company's income and losses are passed through to the members and no provision for income taxes has been recorded.

The Company accounts for uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. The standard prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of the tax position taken or expected to be taken in a tax return. The standard also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition accounting.

#### Summary of Significant Accounting Principles (continued)

##### New Accounting Pronouncement

Effective January 1, 2023, the Company adopted the provisions and disclosure requirements described in ASC Topic 326, *Financial Instruments – Credit Losses* (ASC 326). ASC 326 sets forth a current expected credit loss (CECL) model, which requires the Company to measure all expected credit losses for financial assets (or a group of financial assets) held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts. The standard replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost, such as accounts receivable and related allowances. The adoption of ASC 326 did not have a material effect to the accompanying financial statements.

#### Revenue from Contracts with Customers

The Company has revenue from initial franchise fees and continuing revenue related to royalty fees.

##### Royalty Fees

Royalty fees, which are based upon a percentage of gross revenue collected by the franchisees, are recognized as income when such revenues are earned by those franchisees. The sales-based royalty fee is considered variable consideration related primarily to the use of the license and trademarks and related sales, respectively, and will be recognized as revenue as sales are earned by the franchisees. Both sales-based fees qualify under the royalty constraint exception, and do not require an estimate of future transaction price. Additionally, the Company is utilizing the practical expedient which allows the Company to not disclose the transaction price allocated to the unsatisfied performance obligations for sales-based royalties.

##### Franchise Fees

The Company generates revenues from franchising through individual franchise agreements. In consideration for the payment of an initial franchise fee, continuing royalties, and other amounts specified in the franchise agreement, the Company grants new franchisees the use of the Slice House by Tony Gemignani™ trademarks and system and training, and restaurant operation assistance.

The Company satisfies the performance obligation related to the franchise agreements over the term of the related agreement, which is typically 10 years. Payment for the franchise agreement consists of two components, a fixed-fee related to the franchise agreement, and a sales-based royalty fee. The fixed fee, as determined by the signed franchise agreement, is nonrefundable and due at the time the franchise agreement is entered into, and/or when the franchise agreement is signed.

For the year ended December 31, 2023 and 2022, the Company recognized \$1,667 and zero of franchise fee revenue related to one franchise location. The remaining four franchise locations were not required to pay an initial franchise fee.

# SLICE HOUSE FRANCHISING, LLC

## Notes to Financial Statements

December 31, 2023, 2022, and 2021

### Revenue from Contracts with Customers (continued)

#### Franchise Fees

The Company's contract liabilities consist of fees from franchisees upon execution of their respective franchise agreements and multi-site development agreements which we refer to as deferred revenue. The amounts received are recorded as deferred revenue until the Company satisfies requirements under the franchise agreements. Revenue from franchise agreements is recognized on a straight-line basis over the term of the agreement as the underlying performance obligation is satisfied.

Incremental direct costs, such as commissions, are deferred and recognized over the life of the related term of the agreement.

#### Deferred Revenue and Deferred Expenses

A summary of significant changes to the deferred revenue and deferred expenses balances is shown below:

|                                          | Deferred Contract Assets | Deferred Contract Liabilities |
|------------------------------------------|--------------------------|-------------------------------|
| Balance, December 31, 2021               | -                        | -                             |
| Initial franchise fees received          | -                        | 186,000                       |
| Incremental costs incurred (commissions) | 70,000                   | -                             |
| Balance, December 31, 2022               | 70,000                   | 186,000                       |
| Initial franchise fees paid/receivable   | -                        | 1,243,500                     |
| Franchise fee revenue recognized         | -                        | (1,667)                       |
| Incremental costs incurred (commissions) | 478,461                  | -                             |
| Commissions expense recognized           | (350)                    | -                             |
| Balance, December 31, 2023               | \$ 548,111               | \$ 1,427,833                  |

# SLICE HOUSE FRANCHISING, LLC

## Notes to Financial Statements

December 31, 2023, 2022, and 2021

### Revenue from Contracts with Customers (continued)

#### Deferred Revenue and Deferred Expenses (continued)

As of December 31, 2023, estimated amortization expense of deferred contract assets and estimated accretion income of deferred contract liabilities for the next five years and thereafter are presented below based on the estimated franchise store opening date and then recognized over the remaining term of the franchise agreement:

|            | Deferred Contract Assets | Deferred Contract Liabilities |
|------------|--------------------------|-------------------------------|
| 2024       | \$ 6,474                 | \$ 19,358                     |
| 2025       | 21,180                   | 56,583                        |
| 2026       | 29,299                   | 74,133                        |
| 2027       | 37,417                   | 91,683                        |
| 2028       | 43,386                   | 107,283                       |
| Thereafter | 410,355                  | 1,078,793                     |
|            | <u>\$ 548,111</u>        | <u>\$ 1,427,833</u>           |

### Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and accounts receivable.

The Company places its cash on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. The Company from time to time may have amounts on deposit in excess of the insured limits.

Concentrations of credit risk for accounts receivable are limited due to the number of franchisees comprising the Company's franchise network. The Company extends credit to franchisees based on the terms stated in the respective franchise agreement and generally does not require collateral from individual franchisees. Credit losses are provided for in the Company's financial statements based on the credit risk of specific customers and franchisees.

### Commitments and Contingencies

The Company may at times be subject to lawsuits and other charges from customers and employees, which are typical within the industry. In the opinion of management, there were no open matters that will have a material effect upon the financial position, results of operations, or cash flows of the Company.

# SLICE HOUSE FRANCHISING, LLC

## Notes to Financial Statements

December 31, 2023, 2022, and 2021

### Members' Units

On October 4, 2021, the Company issued 100 units for \$200,000 in capital contributions to four members. During November 2021, certain membership contributed an additional \$40,000 in capital. Throughout 2022, certain membership contributed an additional \$60,000 in capital.

The Company may make distributions of cash or property as deemed appropriate by the members. Distributions of net cash flow, will be distributed to the members pro rata in accordance to their respective capital percentages. Distributions totaling \$200,000 have been allocated for the year ended December 31, 2023. Allocation of profits and losses will be allocated among the members in accordance to the provisions outlined in the operating agreement.

### Related Party Transactions

The Company has one franchisee that is partially owned by certain members of the Company. Royalty revenues recognized by the Company attributable to this related party franchisee were \$212,994 and \$117,268 for the years ended December 31, 2023 and 2022, respectively. The Company has included amounts due from this related party of \$65,822 and \$45,420 at December 31, 2023 and 2022, respectively, in accounts receivable on the balance sheets.

The Company has an Intercompany Trademark License Agreement with a related party through common ownership for the use of its trademarks. There are no fees charged to the Company to use these trademarks.

During 2023, the Company utilized an employee from a related party entity for training services of one of its franchise locations. The Company incurred expense of \$10,962 which was paid during 2023.

### Subsequent Events – Date of Management's Evaluation

The Plan has evaluated subsequent events through the date of the Independent Auditor's Report, the date the financial statements were available to be issued.

#### Franchise Agreements

In January 2024, the Company entered into an area development for the development of three stores with initial franchise fees totaling \$78,000.

In February 2024, the Company entered into an area development agreement for the development of 11 stores with initial franchise fees totaling \$270,000.

**EXHIBIT ~~FG~~ TO THE DISCLOSURE DOCUMENT**

**Slice House Franchising, LLC**

**LIST OF CURRENT FRANCHISEES AS OF DECEMBER 31, ~~2021~~2023**

Welat Yuksel (Belmont and Haight Street; 4 [additional](#) units signed for Northern California)  
415-531-2555  
1000 El Camino Real C, Belmont, CA 94002

Mychael Margott (~~5~~[Thousand Oaks; 11 additional](#) units signed for Southern California)  
805-732-6830  
3297 E Thousand Oaks Blvd, Thousand Oaks, CA 91362

~~Pritika Rajasanshi (1 unit)~~[Pritika Rajasanshi \(8 units\)](#) signed for Northern California)  
510-673-0863  
2565 California Street. Suite 501, Mountain View, CA 94040

Thomas Lawrie (San Leandro; [1 additional unit signed for Northern California](#))  
510-427-9682  
135 Parrott Street, San Leandro, CA 94577

[Sandeep Gill \(Folsom\)](#)  
[916.715.5344](#)  
[3210 EAST BIDWELL ST #100, FOLSOM, CA 95630](#)

[Shayan \(3 units signed for Southern California\)](#)  
[925.413.3061](#)  
[1601 Kettner Blvd, Unit 26, San Diego CA 92101](#)

[Aman Batta \(7 units signed for Southern California\)](#)  
[909.975.1962](#)  
[12648 Limonite Avenue, Suite 2G, Eastvale, CA 92880](#)

[Ranjan \(13 units signed for Northern California\)](#)  
[925.260.3605](#)  
[3295 CASTRO VALLEY BOULEVARD, Castro Valley, Ca 94546](#)

[Nitin Bhatia \(3 units signed for Northern California\)](#)  
[925.683.7207](#)  
[5783 Silhouette Court, Dublin CA 94568](#)

[Dreamscape \(1 unit signed for Nevada\)](#)  
[\(702\) 245-7961](#)  
[3700 W Flamingo Rd, Las Vegas, NV 89103](#)

Dan Hawkins (20 units signed for Dallas Fort Worth, Texas)  
925.200.5455  
2750 S Preston Rd, Suite 116-314, Celina TX 75009

Dean Stehlik (9 units signed for Southern California)  
213.481.6267  
219 Monterey Blvd, Hermosa Beach, CA 90254

Bob Baker (7 units signed for Utah)  
801.574.3810  
1873 w 9270 S, Unit B, West Jordan, UT 84088

Jamey Cutter (7 units signed for Colorado)

206.931.8542  
2253 East Briarwood Ave, Centennial CO 80122

## EXHIBIT ~~GH~~ TO THE DISCLOSURE DOCUMENT

**Slice House Franchising, LLC**

### **LIST OF FORMER FRANCHISEES**

Listed below is the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of each franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this disclosure document:

**NONE**

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

**EXHIBIT ~~H~~ TO THE DISCLOSURE DOCUMENT**

**Slice House Franchising, LLC**

**FORM OF GENERAL RELEASE**

## SAMPLE GENERAL RELEASE

**THIS AGREEMENT** (“Agreement”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by and between Slice House Franchising, LLC, a Nevada limited liability company (the “Franchisor”), and \_\_\_\_\_, a \_\_\_\_\_ (hereinafter referred to as “Releasor”), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:

1. Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with that certain Area Representative Agreement by and between Franchisor and Releasor, dated \_\_\_\_\_, and all ancillary documents executed in connection therewith, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promises covenants, or undertakings made herein by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys’ fees.

2. Releasor represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys’ fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

3. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

4. Nevada law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder, without regard to Nevada’s provisions for conflicts of laws. This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties hereto.

5. In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs incurred therein, and said action must be filed in the State of Nevada.

6. This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original.

7. Releasor further expressly waives and relinquishes all rights and benefits afforded by Section 1542 of the Civil Code of California or any other state laws, and does so understanding and acknowledging the significance and consequences of such specific waiver of Section 1542. Releasor acknowledges that they are or may be represented by counsel, and acknowledge that they are familiar with the provisions of California Civil Code Section 1542, which provides as follows: A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR. Releasor acknowledges that he/she/or it may later discover claims or facts in addition to or different from those set forth in this release and which, if known or suspected at the time of executing this release, may have materially affected this Agreement. Nonetheless, notwithstanding the provisions of Section 1542, and for the purpose of implementing a full and complete release and discharge of all claims, Releasor expressly acknowledges that this Release is also intended to include in its effect, without limitation, all claims which they do not know or expect to exist in their favor at the time of execution hereof, and that this Agreement contemplates the extinguishment of any such claim or claims. Releasor waives any rights, claims or causes of action that might arise as a result of such different or additional claims or facts. Notwithstanding the governance of this Release by laws of the State of Nevada, it is the intent of Releasor to waive any right, claim or cause of action as is consistent with the forgoing waiver of Section 1542 of the Civil Code of California.

*[Include (8) for use in Washington only]*

[(8) This Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.]

**IN WITNESS WHEREOF**, the parties hereto, intending to be legally bound hereby, have executed this agreement effective as of the date first above.

FRANCHISOR:  
**Slice House Franchising, LLC**,  
a Nevada limited liability company

RELEASOR:  
\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## ACKNOWLEDGMENT

State of \_\_\_\_\_)

) ss

County of \_\_\_\_\_)

On this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ before me personally came \_\_\_\_\_, known to me to be the same person whose name is signed to the foregoing General Release, and acknowledged the execution thereof for the uses and purposes therein set forth, [and who did swear and say that he/she is the \_\_\_\_\_ (title) of \_\_\_\_\_  
\_\_\_\_\_ (company name), and he/she has the authority to execute said General Release].

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

\_\_\_\_\_  
(NOTARIAL SEAL)

Notary Public

My Commission expires:

**EXHIBIT ~~1~~J TO THE DISCLOSURE DOCUMENT**

**Slice House Franchising, LLC**

**FORM OF NONDISCLOSURE AND NON-COMPETITION AGREEMENT**

## NONDISCLOSURE AND NON-COMPETITION AGREEMENT

This “**Agreement**” made as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, is by and between \_\_\_\_\_, (“**Franchisee**”) (d/b/a SLICE HOUSE BY TONY GEMIGNANI® Restaurant) and \_\_\_\_\_ (“**Individual**”).

### WITNESSETH:

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (“**Franchise Agreement**”) by and between Franchisee and **Slice House Franchising, LLC**, a Nevada limited liability company (“**Company**”); and

WHEREAS, Franchisee desires Individual to have access to and review certain Trade Secrets and other Confidential Information, which are more particularly described below; and

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this Agreement prior to providing Individual access to said Trade Secrets and other Confidential Information; and

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party or using such information to compete against Company, Franchisee or any other franchisee of Company in any business (i) that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) pizza; or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of Franchisee, or Company, any affiliate of Company or Company’s other franchisees (hereinafter, “**Competitive Business**”); provided, however, that the term “Competitive Business” shall not apply to any business operated by Franchisee under a Franchise Agreement with Company.

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

#### **1. Trade Secrets and Confidential Information**

Individual understands Franchisee possesses and will possess Trade Secrets and other Confidential Information that are important to its business.

a) For the purposes of this Agreement, a “**Trade Secret**” is information in any form (including, but not limited to, materials and techniques, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used by the Company that is not commonly known by or available to the public and that information: (i) derives 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; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

b) For the purposes of this Agreement “**Confidential Information**” means technical and non-technical information used in or related to or used by the Company that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the Confidential Manuals and training guides and materials. In addition, any other information identified as

confidential when delivered by Franchisee shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of Individual; (ii) Individual can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

c) Any information expressly designated by Company or Franchisee as “Trade Secrets” or “Confidential Information” shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve Individual of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. Individual understands Franchisee’s providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets and other Confidential Information.

## **2. Confidentiality/Non-Disclosure**

a) Individual shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, Individual must take all steps reasonably necessary and/or requested by Franchisee to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. Individual must comply with all applicable policies, procedures and practices that Franchisee has established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

b) Individual’s obligations under paragraph 2(a) of this Agreement shall continue in effect after termination of Individual’s relationship with Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Individual’s obligations under this Agreement to any future customer or employer to the extent deemed necessary by Franchisee for protection of its rights hereunder and regardless of whether Individual or any of its affiliates or assigns becomes an investor, partner, joint venturer, broker, distributor or the like in a SLICE HOUSE BY TONY GEMIGNANI® Restaurant franchise.

## **3. Non-Competition**

a) During the term of Individual’s relationship with Franchisee and for a period of two (2) years after the expiration or termination of Individual’s relationship with Franchisee, regardless of the cause of expiration or termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, divert or attempt to divert any business or customer of Franchisee to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Company’s service marks and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the Company designates to be used in connection with the Company’s operations or uniform standards, methods, procedures and specifications for the establishment and operation of a SLICE HOUSE BY TONY GEMIGNANI® Restaurant.

b) During the term of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business, wherever located, without the express written consent of Franchisee.

c) For a period of two (2) years following the expiration or termination of Individual's relationship with Franchisee, regardless of the cause of termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business located or operating within a twenty-five (25) mile radius of Franchisee's Protected Area or its headquarters or any other SLICE HOUSE BY TONY GEMIGNANI® Restaurant (whether company-owned or franchised).

#### **4. Reasonableness of Restrictions**

Individual acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisee, Company, and Company's Trade Secrets and other Confidential Information, the Company's business system, network of franchises and trade and service marks, and Individual waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then Individual shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

#### **5. Relief for Breaches of Confidentiality, Non-Solicitation and Non-Competition**

Individual further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause Franchisee and Company immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, Franchisee and Company shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by Individual of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that Franchisee and Company may have at law or in equity.

#### **6. Miscellaneous**

a) This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between Individual and Franchisee. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.

b) Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in

accordance with the laws of the State of Nevada (without reference to its conflict of laws principles). The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

c) Any action brought by either party, shall only be brought in the appropriate state or federal court located in or serving Henderson, Nevada. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Company where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

d) Individual agrees if any legal proceedings are brought for the enforcement of this Agreement, in addition to any other relief to which the successful or prevailing party may be entitled, the successful or prevailing party shall be entitled to recover attorneys' fees, investigative fees, administrative fees billed by such party's attorneys, court costs and all expenses, including, without limitation, all fees, taxes, costs and expenses incident to arbitration, appellate, and post-judgment proceedings incurred by the successful or prevailing party in that action or proceeding.

e) This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of Individual and shall inure to the benefit of Franchisee, its subsidiaries, successors and assigns. Company is an intended third-party beneficiary of this Agreement with the independent right to enforce the confidentiality and non-competition provisions contained herein.

f) The failure of either party to insist upon performance in any one (1) or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto shall continue in full force and effect.

g) The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

h) In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

i) This Agreement may be modified or amended only by a written instrument duly executed by Individual, Franchisee and Company.

j) The existence of any claim or cause of action Individual might have against Franchisee or Company will not constitute a defense to the enforcement by Franchisee or Company of this Agreement.

k) Except as otherwise expressly provided in this Agreement, no remedy conferred upon Franchisee or Company pursuant to this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or now or hereafter existing at law or in equity or by statute or otherwise. No single or

partial exercise by any party of any right, power or remedy pursuant to this Agreement shall preclude any other or further exercise thereof.

**INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY, AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.**

**THE PARTIES ACKNOWLEDGE THAT THE COMPANY IS A THIRD PARTY BENEFICIARY TO THIS AGREEMENT AND THAT THE COMPANY SHALL BE ENTITLED TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE COMPANY.**

*<Signatures on Following Page>*

IN WITNESS WHEREOF, Franchisee has caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, all being done in duplicate originals with one (1) original being delivered to each party as of the day and year first above written.

WITNESS:

**FRANCHISEE:**

(Name of franchisee)

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**INDIVIDUAL:**

Sign: \_\_\_\_\_

Print Name: \_\_\_\_\_

**EXHIBIT ~~J~~K TO THE DISCLOSURE DOCUMENT**

**Slice House Franchising, LLC**

**STATE SPECIFIC ADDENDA AND RIDERS**

**ADDENDUM TO  
Slice House Franchising, LLC**

**FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF CALIFORNIA**

Preliminary Comment: Each provision of this Appendix to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law, Cal. Corp. Code §§31000 - 31516, and the California Franchise Relations Act, Cal Bus. & Prof. Code §§2000 - 20043, are met independently without reference to this Addendum to the Franchise Disclosure Document.

1. Item 3 is amended to reflect that:

Neither we nor any person or broker identified in Item 2 of the Franchise Disclosure Document is subject to any current effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934, U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

2. Item 17 is amended by the addition of the following statements:

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

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

The California Corporations Code, Franchise Agreement: Section 31125, requires that we give you a disclosure document, approved by the Department of Financial Protection and Innovation, before we solicit a proposed material modification of an existing franchise.

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

The Franchise Agreement requires the application of the laws and forum of Nevada. This provision may be unenforceable under California law.

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

4. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.
5. OUR WEB SITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEB SITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).
6. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business Professions Code Franchise Agreement: Section 20040.5, Code of Civil Procedure Franchise Agreement: Section 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement restricting venue to a forum outside the State of California.
7. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
8. The highest interest rate allowed by law in California is 10% annually.
9. **The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

**ADDENDUM TO  
Slice House Franchising, LLC**

**FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT  
FOR THE STATE OF CALIFORNIA**

The Franchise Agreement and Area Development Agreement between Slice House Franchising, LLC (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

**CALIFORNIA LAW MODIFICATIONS**

1. The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Franchise Agreement: Section 31000 et. seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Franchise Agreement: Section 20000 et. seq. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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

~~b. Franchisees shall not be required to remit any fees to Franchisor until such time as Franchisor has fulfilled all its initial obligations owed to Franchisee under the Franchise Agreement, or other documents, and the Franchisee has commenced doing business pursuant to the Franchise Agreement.~~

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

~~c.~~ The Agreement requires application of the laws of Nevada. This provision may not be enforceable under California law.

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

~~e.~~ Sections 24.1, 24.2, 24.4, 24.8(b), and 24.8(c) of the Franchise Agreement and Section 13 of the Area Development Agreement are hereby deleted in their entirety.

~~f.~~ No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

~~g.~~ The highest interest rate allowed by law in California is 10% annually.

2. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of the California Business and Professions Code, with respect to each such provision, are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

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

*<Signatures on Following Page>*

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

**FRANCHISOR:**

SLICE HOUSE FRANCHISING, LLC  
a Nevada limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**ADDENDUM TO  
Slice House Franchising, LLC**

**FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF ILLINOIS**

The following information applies to franchises and franchisees subject to the Illinois Disclosure Act of 1987. Item numbers correspond to those in the main body:

- a. Item 17 - Franchise Agreement: Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois. Illinois law governs the Franchise Agreement.
- b. Franchise Agreement: Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise disclosure Act or any other law of Illinois is void.
- c. Item 17 - Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise disclosure act.
- d. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO  
Slice House Franchising, LLC**

**FRANCHISE AGREEMENT  
FOR THE STATE OF ILLINOIS**

The Franchise Agreement between Slice House Franchising, LLC (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

**ILLINOIS LAW MODIFICATIONS**

1. The Illinois Attorney General’s Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, 515 ILCS 705/1 et. seq. To the extent that this Agreement contains provisions that are inconsistent with the following, such provision are hereby amended:

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

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

c. Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise disclosure act.

d. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

e. Sections 24.1, 24.2, 24.4, 24.8(b), and 24.8(c) of the Franchise Agreement and Section 13 of the Area Development Agreement are hereby deleted in their entirety.

2. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act, with respect to each such provision, are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

***[Signatures on Following Page]***

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

**FRANCHISOR:**

SLICE HOUSE FRANCHISING, LLC  
a Nevada limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**ADDENDUM TO**  
**Slice House Franchising, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**FOR THE STATE OF MARYLAND**

Item 5 of the Franchise Disclosure Document is amended to include the following paragraph:

“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. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.”

Item 17 of the Franchise Disclosure Document is amended to include the following paragraph:

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

A provision in the Franchise Agreement that provides for termination on your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Franchise Agreement: Section 101 et seq.).

“franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”

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

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO**  
**Slice House Franchising, LLC**  
**FRANCHISE AGREEMENT**  
**FOR THE STATE OF MARYLAND**

The Franchise Agreement between Slice House Franchising, LLC (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

**MARYLAND LAW MODIFICATION**

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law, MD CODE ANN., BUS. REG. Franchise Agreement: Sections 14-201 to 14-233 (2010 Repl. Vol. and Supp. 2010) (the “Law”). To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. 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.

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

c. 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.

d. Franchisee may bring a lawsuit in Maryland for claims arising under the Law.

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

f. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

g. Sections 24.1, 24.2, 24.4, 24.8(b), and 24.8(c) of the Franchise Agreement is hereby deleted in its entirety.

2. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each

such provision, are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

**FRANCHISOR:**

SLICE HOUSE FRANCHISING, LLC  
a Nevada limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**ADDENDUM TO  
Slice House Franchising, LLC**

**AREA DEVELOPMENT AGREEMENT  
FOR THE STATE OF MARYLAND**

The Area Development Agreement between Slice House Franchising, LLC (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

**MARYLAND LAW MODIFICATION**

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law, MD CODE ANN., BUS. REG. Franchise Agreement: Sections 14-201 to 14-233 (2010 Repl. Vol. and Supp. 2010) (the “Law”). To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. All development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.  
The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Law.

b. 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.

c. Franchisee may bring a lawsuit in Maryland for claims arising under the Law.

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

e. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

f. Section 13 of the Area Development Agreement is hereby deleted in its entirety.

2. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

*<Signatures on Following Page>*

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

**FRANCHISOR:**

SLICE HOUSE FRANCHISING, LLC  
a Nevada limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**ADDENDUM TO**  
**Slice House Franchising, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**FOR THE STATE OF MINNESOTA**

Item 13 of the Franchise Disclosure Document is amended to state that we will protect your right to use the trademarks, service marks, trade names, logotypes of other commercial symbols (“Marks”) or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.

The following is added to Item 17 of the Franchise Disclosure Document:

Under Minnesota law and except in certain specified cases, we must give you 90 days’ notice of termination with 60 days to cure. We also must give you at least 180 days’ notice of its intention not to renew a franchise, and sufficient opportunity to recover the fair market value of the franchise as a going concern. To the extent that the Franchise Agreement is inconsistent with the Minnesota law, the Minnesota law will control.

To the extent that any condition, stipulation or provision contained in the Franchise Agreement (including any choice of law provision) purports to bind any person who, at the time of acquiring a franchise is a resident of Minnesota, or, in the case of a partnership or corporation, organized or incorporated under the laws of Minnesota, or purporting to bind a person acquiring any franchise to be operated in Minnesota to waive compliance with the Minnesota Franchises law, such condition, stipulation or provision may be void and unenforceable under the non-waiver provision of the Minnesota Franchises Law.

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J. prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Minn. Rule 2860.4400J. prohibits us from requiring you to consent to liquidated damages and prohibits waiver of a jury trial. If the Franchise Agreement contains a provision that is inconsistent with the Minn. Rule, the provisions of the Franchise Agreement will be superseded by the Minn. Rule’s requirements and will have no force or effect.

Minn. Rule 2860.4400J. prohibits us from requiring you to assent to a general release. To the extent that the Franchise Agreement requires you to sign a general release as a condition of renewal or transfer, the Franchise Agreement will be considered amended to the extent necessary to comply with Minnesota law.

Minn. Rule 2860.4400J. prohibits us from requiring you to pay a termination fee. To the extent that the Franchise Agreement requires you to pay a termination fee, the provisions of the Franchise Agreement will be superseded by the Minn. Rule’s requirements and will have no force or effect.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO**  
**Slice House Franchising, LLC**  
**FRANCHISE AGREEMENT**  
**FOR THE STATE OF MINNESOTA**

The Franchise Agreement between Slice House Franchising, LLC (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

MINNESOTA LAW MODIFICATION

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act. Minn. Stat. Franchise Agreement: Section 80C.01 et. seq., and the Rules and Regulations promulgated under the Act (collectively the “Franchise Act”). To the extent that the Agreement and/or Franchise Disclosure Document contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Minnesota Department of Commerce requires that franchisors indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the franchisee’s use of the franchisor’s proprietary marks infringes trademark rights of the third party.

b. Minn. Stat. Sec. 80C.14. Subds. 3, 4, and 5 requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement. If the Agreement contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act’s requirements and shall have no force or effect.

c. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Franchise Act, such release shall exclude claims arising under the Franchise Act, and such acknowledgments shall be void with respect to claims under the Franchise Act.

d. If the Agreement requires that it be governed by the law of a State other than the State of Minnesota or arbitration or mediation, those provisions shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

e. Any provision that requires the Franchisee to consent to a claims period that differs from the applicable statute of limitations period under Minn. Stat. 80C.1, Subd. 5, may not be enforceable under Minnesota law.

f. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on

behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

g. Sections 24.1, 24.2, 24.4, 24.8(b), and 24.8(c) of the Franchise Agreement and Section 13 of the Area Development Agreement are hereby deleted in their entirety.

2. Minn. Stat. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes Ch. 80C, including your rights to any procedure, forum, or remedies provided for in that law.

3. The Agreement and/or Franchise Disclosure Document is hereby amended to delete all referenced to Liquidated Damages (as defined) in violation of Minnesota law; provided, that no such deletion shall excuse Franchisee from liability for actual or other damages and the formula for Liquidated Damages in the Agreement and/or Franchise Disclosure Document shall be admissible as evidence of actual damages.

4. To the extent required by Minnesota Law, the Agreement and/or Franchise Disclosure Document is amended to delete all references to a waiver of jury trial.

5. All sections of the Agreement and/or Franchise Disclosure Document referencing Franchisor's right to obtain injunctive relief are hereby amended to refer to Franchisor's right to seek to obtain such relief.

6. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of Minnesota Law applicable to the provision are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

**FRANCHISOR:**

SLICE HOUSE FRANCHISING, LLC  
a Nevada limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



**ADDENDUM TO  
Slice House Franchising, LLC**

**FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF NEW YORK**

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding

brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for franchisee to renew or extend,”** and Item 17(m), entitled **“Conditions for franchisor approval of transfer”**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of General Business Law Franchise Agreement: Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled **“Assignment of contract by franchisor”**:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum”**, and Item 17(w), titled **“Choice of law”**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO**  
**Slice House Franchising, LLC**  
**FRANCHISE AGREEMENT**  
**FOR THE STATE OF NEW YORK**

The Franchise Agreement between Slice House Franchising, LLC (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

**NEW YORK LAW MODIFICATION**

1. The New York Department of Law requires that certain provisions contained in franchise documents be amended to be consistent with New York law, including the General Business Law, Article 33, Franchise Agreement: Sections 680 to 695 (1989). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. Release. If Franchisee is required to execute a release of claims, as provided in Article 2(B) of the Franchise Agreement, or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the General Business Law, regulation, rule or order under the Law, such release shall exclude claims arising under the New York General Business Law, Article 33, Franchise Agreement: Sections 680 to 695 and the regulations promulgated thereunder, and such acknowledgments shall be void. It is the intent of this provision that non-waiver provisions of Franchise Agreement: Sections 687.4 and 687.5 of the General Business Law be satisfied.

b. Governing Law. Article 21(A) of the Franchise Agreement is amended by adding the following sentence at the end of such Article: “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.”

c. Termination by Franchisee. Article 9 of the Franchise Agreement is hereby amended to add the following sentence at the end of the Article: “Notwithstanding anything contained in this Article 9 to the contrary, Franchisee may terminate the Franchise Agreement on any grounds available by law.”

d. Renewal, Extension, Approval of Transfer. Article 2 and Article 17 are amended by adding the following: “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 provision that the non-waiver provisions of the General business Law sections 687.4 and 687.5 be satisfied.”

e. Assignment. Article 17 is amended by adding the following sentence at the end of the Article: “However, no assignment will be made except to an assignee who in good faith and judgment of the Franchisor, is willing and financially able to assume the Franchisor’s obligations under the Franchise Agreement.”

f. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

f. Sections 24.1, 24.2, 24.4, 24.8(b), and 24.8(c) of the Franchise Agreement and Section 13 of the Area Development Agreement are hereby deleted in their entirety.

2. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of New York General Business Law, with respect to each such provision are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

**FRANCHISOR:**

SLICE HOUSE FRANCHISING, LLC  
a Nevada limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

By:

\_\_\_\_\_  
\_\_\_\_\_

**Name:**

\_\_\_\_\_  
\_\_\_\_\_

**Title:**

\_\_\_\_\_

**Name:**

\_\_\_\_\_

**Title:**

\_\_\_\_\_

**Date:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**ADDENDUM TO  
Slice House Franchising, LLC**

**FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF NORTH DAKOTA**

The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Franchise Agreement: Section 51-19-09, N.D.C.C.):

- A. Restrictive Covenants: Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Franchise Agreement: Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.
- B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.
- C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
- D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
- E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
- F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
- G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
- H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.
- I. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO  
Slice House Franchising, LLC**

**FRANCHISE AGREEMENT  
FOR THE STATE OF NORTH DAKOTA**

The Franchise Agreement between Slice House Franchising, LLC (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

**NORTH DAKOTA LAW MODIFICATION**

1. a. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the North Dakota Franchise Investment Law, and such acknowledgments shall be void with respect to claims under the Law.

b. Covenants not to compete during the term of and upon termination or expiration of the Agreement are enforceable only under certain conditions according to North Dakota Law. If the Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.

c. If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.

d. If the Agreement requires that it be governed by the law of a state other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law will control.

e. If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.

f. If the Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law.

g. Any provision that provides that the parties waive their right to a jury trial may not be enforceable under North Dakota law.

h. Any provision that provides that Franchisee consent to a waiver of punitive and exemplary damages may not be enforceable under North Dakota law.

i. Any provision that requires Franchisee to consent to a claims period that differs from the applicable statute of limitations period under North Dakota law may not be enforceable under North Dakota law.

j. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

k. Sections 24.1, 24.2, 24.4, 24.8(b), and 24.8(c) of the Franchise Agreement and Section 13 of the Area Development Agreement are hereby deleted in their entirety.

2. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of North Dakota Franchise Investment Law, with respect to each such provision are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

**FRANCHISOR:**

SLICE HOUSE FRANCHISING, LLC  
a Nevada limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**ADDENDUM TO  
Slice House Franchising, LLC**

**FRANCHISE AGREEMENT  
FOR THE STATE OF RHODE ISLAND**

The Franchise Agreement between Slice House Franchising, LLC (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

**RHODE ISLAND LAW MODIFICATIONS**

1. The Rhode Island Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Rhode Island law, including the Franchise Investment Act, R.I. Gen. Law Tit. 19 Ch. 28.1 Franchise Agreement: Sections 19-28.1-1 to 19-28.1-34. To the extent that this Agreement contains provisions that re inconsistent with the following, such provisions are hereby amended:

a. If this Agreement requires litigation to be conducted in a forum other than the State of Rhode Island, the requirement is void with respect to any claims brought under Rhode Island Franchise Investment Act Sec. 19-21.1-14.

b. If this Agreement requires that it be governed by a state’s law, other than the State of Rhode Island, to the extent that such law conflicts with Rhode Island Franchise Investment Act it is void under Franchise Agreement: Section 19-28.1-14.

c. If Franchisee is required in this Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release shall exclude claims arising under the Rhode Island Franchise Investment Act, and such acknowledgments shall be void with respect to claims under the Act.

d. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

e. Sections 24.1, 24.2, 24.4, 24.8(b), and 24.8(c) of the Franchise Agreement and Section 13 of the Area Development Agreement are hereby deleted in their entirety.

2. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of Rhode Island Franchise Investment Act, with respect to each such provision are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

*<Signatures on Following Page>*

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

**FRANCHISOR:**

SLICE HOUSE FRANCHISING, LLC  
a Nevada limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**ADDENDUM TO  
Slice House Franchising, LLC**

**FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF VIRGINIA**

1. Item 5 is amended to state that The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

2. In recognition of the restrictions contained in Franchise Agreement: Section 13.1-564 of the Virginia Retail Franchising Act, Item 17.h. of the Franchise Disclosure Document for Slice House Franchising, LLC is supplemented by the following:

“Under Franchise Agreement: 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.”

**“Any securities offered or sold by the Investor Franchisee as part of the Slice House Franchising, LLC Franchise must either be registered or exempt from registration under Franchise Agreement: Section 13.1-514 of the Virginia Securities Act.”**

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO**  
**Slice House Franchising, LLC**  
**FRANCHISE AGREEMENT**  
**FOR THE STATE OF VIRGINIA**

The Franchise Agreement between Slice House Franchising, LLC (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

**VIRGINIA LAW MODIFICATIONS**

1. Section 4 (a) of the Franchise Agreement is amended to add the following:  
  
The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.
2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
3. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
4. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

*<Signatures on Following Page>*

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

**FRANCHISOR:**

SLICE HOUSE FRANCHISING, LLC  
a Nevada limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**ADDENDUM TO  
Slice House Franchising, LLC**

**FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF WASHINGTON**

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

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

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

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

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

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

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

The State of Washington has imposed a financial condition that the initial franchise fees will be deferred until the franchisor has fulfilled its initial pre-opening obligations and the franchise is open for business. Because the Franchisor has material pre-opening obligations with respect to each franchised

business the Franchisee opens under the Development Agreement, the State of Washington will require that the franchise fees be released proportionally with respect to each franchised business.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO  
Slice House Franchising, LLC**

**FRANCHISE AGREEMENT  
FOR THE STATE OF WASHINGTON**

The Franchise Agreement between Slice House Franchising, LLC (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

**WASHINGTON LAW MODIFICATIONS**

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

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

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

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

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

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

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

The State of Washington has imposed a financial condition that the initial franchise fees will be deferred until the franchisor has fulfilled its initial pre-opening obligations and the franchise is open for business. Because the Franchisor has material pre-opening obligations with respect to each franchised business the Franchisee opens under the Development

Agreement, the State of Washington will require that the franchise fees be released proportionally with respect to each franchised business.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Sections 24.1, 24.2, 24.4, 24.8(b), and 24.8(c) of the Franchise Agreement and Section 13 of the Area Development Agreement are hereby deleted in their entirety.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

**FRANCHISOR:**

SLICE HOUSE FRANCHISING, LLC  
a Nevada limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**ADDENDUM TO  
Slice House Franchising, LLC  
  
DEVELOPMENT AGREEMENT  
FOR THE STATE OF WASHINGTON**

The Development Agreement between Slice House Franchising, LLC (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

**WASHINGTON LAW MODIFICATIONS**

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

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

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

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

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

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

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

The State of Washington has imposed a financial condition that the initial franchise fees will be deferred until the franchisor has fulfilled its initial pre-opening obligations and the franchise is open for business. Because the Franchisor has material pre-opening obligations with respect to each franchised business the Franchisee opens under the Development Agreement, the State of Washington will require that the franchise fees be released proportionally with respect to each franchised business.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Sections 24.1, 24.2, 24.4, 24.8(b), and 24.8(c) of the Franchise Agreement and Section 13 of the Area Development Agreement are hereby deleted in their entirety.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

**FRANCHISOR:**

SLICE HOUSE FRANCHISING, LLC  
a Nevada limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**ADDENDUM TO  
Slice House Franchising, LLC**

**FRANCHISE AGREEMENT  
FOR THE STATE OF WISCONSIN**

The Franchise Agreement between Slice House Franchising, LLC (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

**WISCONSIN LAW MODIFICATIONS**

1. Notwithstanding anything that may be contained in the body of the Franchise Agreement to the contrary, the Agreement is hereby amended to add the following provision:

For all franchises sold in the State of Wisconsin, the Company will provide Franchisee at least 90 days’ prior written notice of termination, cancellation, nonrenewal or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation, nonrenewal or substantial change in competitive circumstances and will provide that Franchisee have 60 days in which to rectify any claimed deficiency. If the deficiency is rectified within 60 days, the notice will be void. These notice requirements shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the franchise, Franchisee will be entitled to written notice of such default, and will have not less than 10 days in which to remedy such default from the date of delivery or posting of such notice.

2. Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of this Agreement or a related document between the Company and Franchisee inconsistent with the Law.

3. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

4. Sections 24.1, 24.2, 24.4, 24.8(b), and 24.8(c) of the Franchise Agreement and Section 13 of the Area Development Agreement are hereby deleted in their entirety.

5. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of Nevada law, with respect to each such provision are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

**[SIGNATURES ON FOLLOWING PAGE]**

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

**FRANCHISOR:**  
SLICE HOUSE FRANCHISING, LLC  
a Nevada limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**FRANCHISEE:**  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
By: \_\_\_\_\_  
\_\_\_\_\_  
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**Name:** \_\_\_\_\_  
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**Name:** \_\_\_\_\_  
  
**Title:** \_\_\_\_\_  
  
**Date:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT ~~K~~L TO THE DISCLOSURE DOCUMENT**

**Slice House Franchising, LLC**

**STATE EFFECTIVE DATES**

### State Effective Dates

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

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

| State                                      | Effective Date                                   |
|--------------------------------------------|--------------------------------------------------|
| California                                 | <del>July 7, 2023</del> <a href="#">Pending</a>  |
| <del>Maryland</del> <a href="#">Hawaii</a> | Pending                                          |
| <del>Virginia</del>                        | <del>December 15, 2023</del>                     |
| Washington                                 | <del>June 22, 2023</del> <a href="#">Pending</a> |

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

**EXHIBIT ~~L~~M TO THE DISCLOSURE DOCUMENT**

**Slice House Franchising, LLC**

**RECEIPTS**

## 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 Slice House Franchising, 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. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration, whichever occurs first.

If Slice House Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (as listed in Exhibit A to this disclosure document).

The franchisor is Slice House Franchising, LLC, located at 2505 Anthem Village Drive, Suite E21, Henderson, Nevada 89052. Its telephone number is 702-509-4222. We authorize the respective state agencies identified on Exhibit "A" to receive service of process for us if we are registered in the particular state.

Issuance Date: ~~April 17~~ March 22, 2023 2024

The name, principal business address, and telephone number of the franchise sellers offering the franchise are:

| Name                                                                             | Principal Business Address                                          | Telephone Number |
|----------------------------------------------------------------------------------|---------------------------------------------------------------------|------------------|
| Tony Gemignani George Karpaty,<br>Trevor Hewitt, Bill Ginsburg<br>_____<br>_____ | 2505 Anthem Village Drive,<br>Suite E21, Henderson, Nevada<br>89052 | 702-509-4222     |

I received a disclosure document dated ~~April 17~~ March 22, 2023 2024 (the state effective dates are listed on Exhibit ~~K~~ L). The disclosure document included the following Exhibits:

|   |                                                            |   |                                              |
|---|------------------------------------------------------------|---|----------------------------------------------|
| A | List of State Administrators/Agents for Service of Process | G | List of Former Franchisees                   |
| B | Franchise Agreement                                        | H | Form of General Release                      |
| C | Development Agreement                                      | I | Non-disclosure and Non-competition Agreement |
| D | Table of Contents of Confidential Manual                   | J | State Specific Addenda and Riders            |
| E | Financial Statements                                       | K | State Effective Dates                        |
| F | List of Current Franchisees                                | L | Receipts                                     |

Please sign and print your name below, date and return one copy of this receipt to Slice House Franchising, LLC, and keep the other for your records.

\_\_\_\_\_

Sign:

Date

\_\_\_\_\_

Print: \_\_\_\_\_

Location:

\_\_\_\_\_

***[Retain This Copy]***

## 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 Slice House Franchising, 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. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration, whichever occurs first.

If Slice House Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (as listed in Exhibit A to this disclosure document).

The franchisor is Slice House Franchising, LLC, located at 2505 Anthem Village Drive, Suite E21, Henderson, Nevada 89052. Its telephone number is 702-509-4222.

We authorize the respective state agencies identified on Exhibit "A" to receive service of process for us if we are registered in the particular state.

Issuance Date: ~~April 17~~ March 22, 2023 2024

The name, principal business address, and telephone number of the franchise sellers offering the franchise are:

| Name                                                                          | Principal Business Address                                          | Telephone Number |
|-------------------------------------------------------------------------------|---------------------------------------------------------------------|------------------|
| Tony Gemignani George Karpaty, Trevor Hewitt, Bill Ginsburg<br>_____<br>_____ | 2505 Anthem Village Drive,<br>Suite E21, Henderson, Nevada<br>89052 | 702-509-4222     |

I received a disclosure document dated ~~April 17~~ March 22, 2023 2024 (the state effective dates are listed on Exhibit ~~K~~ L). The disclosure document included the following Exhibits:

|   |                                                            |   |                                              |
|---|------------------------------------------------------------|---|----------------------------------------------|
| A | List of State Administrators/Agents for Service of Process | G | List of Former Franchisees                   |
| B | Franchise Agreement                                        | H | Form of General Release                      |
| C | Development Agreement                                      | I | Non-disclosure and Non-competition Agreement |
| D | Table of Contents of Confidential Manual                   | J | State Specific Addenda and Riders            |
| E | Financial Statements                                       | K | State Effective Dates                        |
| F | List of Current Franchisees                                | L | Receipts                                     |

Please sign and print your name below, date and return one copy of this receipt to Slice House Franchising, LLC, and keep the other for your records.

\_\_\_\_\_

Sign:

\_\_\_\_\_

Date

Print:\_\_\_\_\_

Location:

\_\_\_\_\_

***[Return this Receipt to us at: Slice House Franchising, LLC, 2505 Anthem Village Drive, Suite E21, Henderson, Nevada 89052; 702-509-4222; Email: [trevor@slicehouse.com](mailto:trevor@slicehouse.com)]***

|                                                                                                                                |     |
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| <b>Summary report:</b><br><b>Litera Compare for Word 11.4.0.111 Document comparison done on</b><br><b>3/25/2024 8:36:16 AM</b> |     |
| <b>Style name:</b> Default Style                                                                                               |     |
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| <u>Add</u>                                                                                                                     | 470 |
| <del>Delete</del>                                                                                                              | 410 |
| <del>Move From</del>                                                                                                           | 0   |
| <u>Move To</u>                                                                                                                 | 0   |
| <u>Table Insert</u>                                                                                                            | 12  |
| <del>Table Delete</del>                                                                                                        | 3   |
| <u>Table moves to</u>                                                                                                          | 0   |
| <del>Table moves from</del>                                                                                                    | 0   |
| Embedded Graphics (Visio, ChemDraw, Images etc.)                                                                               | 0   |
| Embedded Excel                                                                                                                 | 0   |
| Format changes                                                                                                                 | 0   |
| <b>Total Changes:</b>                                                                                                          | 895 |